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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10

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

LPL Investment Holdings Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-3717839**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

One Beacon Street, Floor 22
Boston, MA 02108
(617) 423-3644
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

With copies to:

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Securities registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act: Bonus Credits to Purchase Common Stock, par value $0.01 per share

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Neither this registration statement nor any prior or subsequent communications from us, our board of directors (the "Board") or any of our shareholders, members, directors, officers, employees or agents, should be construed as investment, legal, accounting, regulatory or tax advice.

No person has been authorized to give any information or to make any representation in connection with us or the bonus credits other than those contained in this registration statement and, if given or made, such information or representations must not be relied on as having been authorized by us. Neither the delivery of this registration statement nor the issue of bonus credits after the date hereof shall under any circumstances create any implication or

constitute any representation that our affairs have not changed since the date hereof or that information herein is correct as of any date subsequent to the date of this registration statement.

In considering the performance information contained herein, readers should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that we will achieve comparable results or that targeted returns will be met.

As used in this registration statement "we," "our," "ours," "us" and the "Company" refer collectively to LPL Investment Holdings Inc. and its subsidiaries, "Holdings" refers to LPL Holdings, Inc. and its subsidiaries and "LPL" and "Linsco" refer to one of our operating subsidiaries, Linsco/Private Ledger Corp. All references to "dollars" or "$" herein refer to United States dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This registration statement includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements include statements concerning our expectations, plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends and other information that is not historical information and, in particular, appear under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." When used in this registration statement, the words "could," "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "goal," "forecast" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that our expectations, beliefs and projections will result or be achieved.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this registration statement. These risks and uncertainties are set forth in this registration statement, including under the heading "Risk Factors." Such risks, uncertainties and other important factors include, among others:

- our dependency on our ability to attract and retain experienced and productive independent financial advisors;
- our ability to successfully integrate acquisitions;
- the economy and financial markets, including changes to interest rates;
- the performance of the investment products and services our financial advisors recommend or distribute;
- the competitive nature of our business;
- the regulated nature of our business;
- the failure to comply with net capital requirements;
- the failure to maintain adequate errors and omissions insurance coverage;
- the misconduct and errors by our employees and our financial advisors;
- our potential financial exposure resulting from errors in the securities settlement process;
- the failure of our risk management policies and procedures to fully mitigate our risk exposure in all market environments or against all types of risks;
- the vulnerability of our networks to security risks;
- the failure to maintain technological capabilities, the difficulties in upgrading our technology platform or the introduction of a competitive platform;
- the disruption of our disaster recovery plans and procedures in the event of a catastrophe;
- our ability to recruit and retain qualified employees;
- our dependency on key senior management personnel;
- the loss of any or all of our marketing relationships with manufacturers of investment products;
- our ability to execute on our business strategy; and
- our reliance on our clearing service bureau.

There may be other factors not presently known to us or which we currently consider to be immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements and projections attributable to us or persons acting on our behalf apply only as of the date of this registration statement and are expressly qualified in their entirety by the cautionary statements included in this registration statement. We undertake no obligation to publicly update or revise forward-looking statements, including any of the projections presented herein, to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

EXPLANATORY NOTE

LPL Investment Holdings Inc. is filing this registration statement on Form 10 pursuant to Section 12(g) of the Exchange Act as it has in excess of 500 holders of its bonus credits to purchase its common stock. The bonus credits are subject to significant restrictions on transfer described herein. See "Description of Registrant's Securities to be Registered." Because of such restrictions, there is no market for the bonus credits and none is expected to develop.

ITEM 1. BUSINESS

Our Business

We are a leading provider of technology and infrastructure services to independent financial advisors ("IFAs") and to financial institutions who employ financial advisors (collectively, IFAs and financial advisors are defined as "FAs"). As of December 31, 2006, we provided our services to over 7,000 licensed FAs in over 3,100 branch offices. In addition, we have been ranked as the largest independent broker-dealer in the United States for each of the past 11 years based on total revenues (source: *Financial Planning*). We provide access to a broad array of financial products and services for our FAs to market to their clients, as well as extensive training and a comprehensive technology and service platform to enable our FAs to more efficiently operate their business. Our strategy is to build long-term relationships with our IFAs and financial institutions who employ financial advisors by offering innovative technologies, training and high-quality services that will enable them to grow their client base. We have expanded our portfolio of products through strategic acquisitions of other financial services companies such as our trust company, our mortgage company, and our insurance agency. We believe that providing these additional services further aligns us with the interests of our FAs by providing them with an expanded array of services to offer their clients, thereby enabling their clients to diversify their investments.

We believe that our substantial scale enables us to offer our IFAs and financial institutions who employ financial advisors industry leading products and services together with attractive economics. In addition, unlike traditional brokerage firms which combine product distribution and product manufacturing within a single company, we operate on an open architecture product platform with independent research on a vast number of investments and no proprietary investment products. Through our research department, FAs have access to independent research on mutual funds, separate accounts, annuities, alternative investments, fixed-income securities, asset allocation strategies, financial markets and the economy. As a consequence, we believe our IFAs and financial institutions who employ financial advisors are able to recommend products selected on the basis of their clients' financial needs and objectives, without being influenced by potential product manufacturing bias.

The core of our strategy is to build technologies that enable our IFAs and financial institutions who employ financial advisors to more profitably manage the complexity of their business. We view our IFAs and financial institutions who employ financial advisors as partners and work with them to best understand

their operating environment. This approach, developed over more than 20 years of servicing, is integral to our culture and to our initiatives.

Overview of Principal Service Channels

We view our principal channels as the IFA channel and the Third-Party Services ("Third-Party Services") channel. In the IFA channel, we provide our services directly to IFAs. In the Third-Party Services channel, we contract with financial institutions who in turn permit us to offer our services to financial advisors they employ.

IFA Services

Our IFAs, who are not in our Third-Party Services channel, exclusively use our platform for all the brokerage and fee-based advisory services they offer. These IFAs are licensed with us, but they are independent contractors who maintain their own office and general support staff. Our IFAs generally have many years of industry experience and generally join us from other brokerage institutions, including wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers.

Third-Party Services

We believe we are one of the nation's largest providers of independent, non-proprietary, third-party investment services to banks and credit unions. We have provided investment programs to banks, thrift institutions and credit unions since the early 1990s. In addition, we recently expanded our Third-Party Services through a new program in which we offer clearing, custody and other services to large financial institutions, including insurance companies.

On January 2, 2007, we acquired UVEST Financial Services Group, Inc. ("UVEST"). Headquartered in Charlotte, North Carolina, UVEST offers investment and insurance programs to community and regional banks and credit unions. We believe that the combination of UVEST's service, expertise and experienced management, together with our scale and broad array of products and services, will allow us to offer the most comprehensive third-party, non-proprietary financial advisory services and programs to the financial services channel.

A History of Creative Growth

Innovative Service

We have been offering innovative service, programs, and technology solutions to our IFAs for almost 20 years. In 1991, we launched Strategic Asset Management ("SAM"), which today is the third-largest mutual fund wrap program in the country according to Cerulli Associates, Inc. This has been followed by other advisory platforms such as Manager Select, Optimum Market Portfolios and Personal Wealth Portfolios. As of December 31, 2006, the total assets in these programs exceeded $50 billion, making us the ninth largest (based on assets) provider of advisory services in the financial service industry as of that date.

In 2000, we became self-clearing. The primary benefits of moving to self-clearing were to speed up processing, improve service, reduce costs and otherwise provide business efficiencies. We believe, however, that our self-clearing capability also enables us to offer technology services to other financial service providers, thereby providing us with an additional business line and source of revenue.

Self-clearing has also enabled us to create increasingly complex investment advisory programs. For example, control over trade execution and access to trade data in our self-clearing environment allowed us to develop our asset allocation models used across a wide range of investment programs. Our investment advisory platforms incorporate mutual funds and separate accounts managed by leading third-party asset managers, individual securities and alternative asset classes. The comprehensive and automated nature of

the platforms have made it attractive for many of our IFAs and financial institutions who employ financial advisors to "outsource" investment management to us allowing the IFAs and financial institutions who employ financial advisors to dedicate a majority of their time building relationships and helping clients

meeting their goals.

Technology Services

Throughout our history, we have believed that robust technology solutions are vital to our IFAs efficiency and productivity. To illustrate our belief, in 1997 we launched BranchNet, our proprietary branch-level processing and business management platform. BranchNet enables our IFAs and financial institutions who employ financial advisors to automate time consuming processes such as opening and managing accounts, executing transactions and rebalancing accounts. In addition to our basic BranchNet package, many of our IFAs and financial institutions who employ financial advisors subscribe to premium features such as performance reporting, financial planning, and customized websites. We have continuously invested in upgrading BranchNet, including the addition of Notifications in 2005, which allows us to alert IFAs and financial institutions who employ financial advisors electronically of time-sensitive operational and trading issues and the addition in 2006 of branch office document imaging capability.

In addition to providing our IFAs with technology solutions, we have undertaken a long-term home office platform initiative to provide an innovative interface and work flow for our employees, including system transparency for all key business managers. We believe that creating a more flexible technological environment for our own employees will be a critical component in supporting our future growth.

Our Scaleable Platform

We have invested significantly in the development of our core operating and technology platforms and intend to continue to do so in the future. We believe that we are well-positioned to enjoy the benefits of platform scalability, which will allow us to add IFAs and financial institutions who employ financial advisors without significant incremental costs. As a result, our revenue and earnings growth is driven primarily by the growth in total advisors and growth in the revenue and profitability of their practices. In addition, scale also enhances our negotiating position with our suppliers. To the extent our scale enables us to reduce costs and incrementally increase profitability, we are in a position to share some of those benefits with FAs. For instance, in 2006, we were able to offer an increased advisor production bonus for IFAs.

Our scale has allowed us to expand our research capabilities. The wide array of expert commentary, research and recommendations our research group provides to our IFAs and financial institutions who employ financial advisors allows FAs to reduce time and resources dedicated to implementing asset allocation strategies and to research.

Our scale also allows us to invest substantial resources in training programs in order to assist our IFAs and financial institutions in our Third-Party Services channel enhance their profitability. We offer extensive training on a nationwide basis on topics including platforms, technology, marketing and practice management, among others. We also provide a comprehensive online library of training modules.

Our Competitive Strengths

Leading Market Position

We have been the largest independent broker-dealer in the United States for the past eleven years as measured by total revenues (Source: Financial Planning). As of December 31, 2006, we had approximately 7,000 FAs and approximately $126.0 billion in assets networked and under administration. Our scale has allowed us to invest substantial resources in our technology and service infrastructure, product platforms

and compliance systems. As a result, we believe we offer a market leading value proposition that enables us to attract and retain experienced and productive FAs.

FA Focused Culture

We believe that a key element of our success has been our unique corporate culture which focuses on improving the underlying businesses of our FAs. While other brokerage firms also devote significant resources to their efforts in product manufacturing, investment banking or proprietary trading, our primary focus for over 20 years has been and continues to be our FAs. As a result of this unconflicted focus on FAs, we believe our FA retention rates are among the highest in the industry.

We believe our branch development staff is the largest recruiting force among all independent broker-dealers in the United States and recruits from a broader variety of sources—including wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers—than our competitors.

Attractive Value Proposition for IFAs

We believe the combination of our attractive payout structure with our market leading product and service platform enables our IFAs to earn more income per dollar of client assets invested than IFAs with other firms. Like other independent broker-dealers, we pay a greater share of brokerage commissions and advisory fees to our IFAs than employee-based broker-dealers. While IFAs licensed through independent broker-dealers must pay for their own office expenses, we believe that for most IFAs, the higher payouts more than offset these incremental costs, enabling them to increase their take-home pay. In addition, unlike employees of wirehouses or regional broker-dealers, IFAs can build substantial equity value in their practices. We believe the combination of higher net payouts and the ability to build equity value make the independent model more attractive for many IFAs. Furthermore, among independent broker-dealers, we believe our comprehensive product and service platform enables our IFAs and financial institutions who employ financial advisors to operate their businesses at a lower cost. For example, BranchNet, our proprietary advisor software, enables our IFAs and financial institutions who employ financial advisors to automate time consuming processes such as opening and managing accounts, executing transactions, maintaining books and records and rebalancing accounts.

In addition to offering attractive economics to our IFAs and financial institutions who employ financial advisors, we believe we enable our IFAs and financial institutions who employ financial advisors to more effectively serve their clients. For example, our open architecture platform and research offering enable our IFAs and financial institutions who employ financial advisors to make unbiased, informed recommendations to their clients across a broad array of products and services. We also offer our IFAs and financial institutions who employ financial advisors the largest fee-based advisory platform among all independent broker-dealers (as measured by assets), an offering that addresses increasing client demand for fee-based advisory services.

Diverse, Stable and Profitable Business

Diversified Revenue

As of December 31, 2006, no single IFA or branch office accounted for more than 1% of our revenues. In addition, we have a geographically diverse national presence with IFAs in all 50 states and the District of Columbia.

In addition, our Third-Party Services channel has created opportunities to garner significant revenue from servicing other broker-dealers under a wide range of business models. These opportunities exist along a spectrum that runs from providing complete investment programs to smaller financial institutions to

providing some combination of front-end processing and back office technology to larger financial services firms.

Business Stability

Our recurring revenues include, among others, advisory fees charged to clients, asset-based fees, 12b-1 fees, fees related to our cash sweep programs, interest earned on margin accounts, and technology and service fees charged to our IFAs. We believe these revenue sources are more stable and less dependent on market conditions than transaction-related commissions. The proportion of our total revenue that is recurring has grown significantly, from approximately 46% for the year ended December 31, 2000 to approximately 62% for the year ended December 31, 2006.

In addition, the stability of our business is further enhanced by our limited reliance on margin lending. For the year ended December 31, 2006, interest from margin lending represented only 1.3% of our total revenue.

Controllable and Scaleable Cost Structure

In contrast to a traditional employee-based model, our IFAs are independent contractors who bear their own office and related expenses. As a result, we manage a flexible and controllable cost structure in which approximately 78.9% of our costs are production-related (commissions and advisory fees and brokerage, clearing and exchange costs) expenses (substantially all of which are variable) and approximately 37.3% of the remaining costs are personnel related (compensation and benefits) as measured for the year ended December 31, 2006. As a result, we have been able to profitably manage our business through challenging market conditions in the past.

In addition, we have invested significantly in the development of our core operating and technology platforms and intend to continue to invest in and enhance our platforms in the future. We believe that we are well-positioned to enjoy the benefits of platform scalability, which will allow us to add IFAs and financial institutions without significant incremental costs.

Strong Growth Model

We have a long history of successfully growing our business. From the year ended December 31, 1996 through the year ended December 31, 2006, we grew our revenue at a compound annual growth rate (“CAGR”) of 19.4%.

Sales Growth from Newly Recruited IFAs and Mature IFAs

We typically recruit experienced IFAs who were previously licensed with other broker-dealers and have established client bases of their own. As a result, newly recruited IFAs are initially focused on transitioning client assets from their prior firms to us. We expect newly recruited IFAs to return to the approximate production levels they achieved with their prior firms within three years of joining us. As a result, a significant portion of our near term revenue growth in a given year is driven by the size of the recruiting classes and the growth in mature IFA’s practices. One way we measure the growth of our IFAs is through our definition of mature advisor growth (“MAG”). Mature advisors are those that have been with us for at least three years and who are still active at the end of the calendar year. MAG is a measure of this subset of IFAs’ year-over-year change in total production. For the year ended December 31, 2006, MAG was approximately 15% over the previous year ended December 31, 2005.

A substantial portion of our long-term growth is driven by our ability to recruit and retain new IFAs, including financial advisors who work in financial institutions through our financial institution services

division. We have made a strong organizational commitment to the recruitment process. In addition, we have been successful at retaining our most productive IFAs.

Sales Growth from our Third-Party Services Channel

We continue to work with select institutions that maintain their own broker-dealer. On December 15, 2006, we entered into agreements with a large, global insurance company pursuant to which we agreed to (1) provide brokerage, clearing and custody services on a fully disclosed basis; (2) offer our investment advisory programs and platforms; and (3) provide technology and additional processing and related services to its financial advisors and customers. We expect to begin to provide services to this company in the second half of 2007.

In addition, we continue to provide our product and service platform to financial advisors associated with over 400 independent financial service providers nationwide, including within banks, thrift institutions and credit unions. We work with independent financial service providers under two basic platforms—one in which IFAs are employed by financial institutions and the other in which IFAs operate independent practices located on the premises of financial institutions. We have dedicated compliance and legal resources to address the various sales practice and regulatory issues that are associated with operating non-deposit investment programs on-site at independent financial service providers. For the year ended December 31, 2006, approximately 9% of our commission and advisory revenue was generated from the IFAs associated with independent financial service providers.

On January 2, 2007, we acquired all of the outstanding capital stock of UVEST, which provides independent, non-proprietary third-party brokerage services to financial institutions. The purchase price was approximately $79.60 million in cash, $50.00 million of which was financed through additional borrowings under our senior credit facility, and approximately $10.81 million in shares of common stock. By combining UVEST and our financial institution services division, we expect to benefit from its complementary best practices and create a premier provider with a comprehensive platform, products and

support for banks, credit unions and other financial institutions. UVEST is based in Charlotte, NC and provides products and support to approximately 700 IFAs affiliated with over 300 institutions. In 2006, UVEST generated total net revenues of $142.40 million and net income of $6.10 million.

The FA market remains large, fragmented and growing. We believe there is a large addressable pool of FAs from which we can recruit. We expect to capitalize on this market opportunity by leveraging our strong reputation and recruiting infrastructure to continue to grow our recruiting classes. Given the scale of our operations, we have historically been able to add new FAs at an attractive return on capital.

Experienced and Committed Management Team

Our senior management team has an average of nine years of experience with us and extensive experience in the industry. The management team and our IFAs currently own approximately 26.3% of our company on a fully diluted basis.

Our Business Strategies

Increase the Number of our IFAs and Financial Institutions Who Employ Financial Advisors

Recruiting and retaining IFAs and financial institutions who employ financial advisors is critical to achieving our growth objectives. We believe our recruiting staff is the largest among independent broker-dealers, and that our geographically diverse, hands-on recruiting capabilities are unparalleled. We have built a strong reputation among IFAs and financial institutions who employ financial advisors in the United States, ensuring that FAs who contemplate a migration to the independent model strongly consider

us. We continue to leverage our strong market position to identify, screen, and add experienced and productive FAs.

We continue to improve our attractive value proposition to IFAs and financial institutions who employ financial advisors to maintain our strong track record in retaining FAs.

Continue To Improve Our Service Infrastructure to Enable Our IFAs and Financial Institutions to Continue to Grow Their Businesses

We focus on further developing infrastructure and services to enable our IFAs and financial institutions who employ financial advisors to capitalize on market opportunities and deepen their existing client relationships. For instance, we have expanded our initial service capabilities to provide mortgages, insurance and trust services. We believe our service offering is now among the broadest in the industry and should allow our IFAs and financial institutions who employ financial advisors to capture a greater share of their existing clients' business and attract new clients.

We believe that our technology and service platform, including BranchNet, our proprietary advisor software system, provides us with a significant competitive advantage because it enables our FAs to efficiently manage their practices. We continue to enhance the functionality of BranchNet and other related technologies. For example, we recently have started to offer our IFAs an integrated software application that will enable them to electronically image branch office records, thereby reducing record retention costs and improving access to records.

Leverage Scale and Market Leadership

As the size of our FA base continues to expand, we will seek to further consolidate our buying power and lower our FAs' and our costs. With our increasing scale, we have an enhanced ability to economically invest in technology and broaden our value added services more efficiently across our FA base. If successful, we expect to increase our profit margins, as well as those of our FAs.

We also expect our scale to create additional opportunities to provide our product and service platform to IFAs associated with selected institutions that maintain their own broker-dealer. As a result of our scale, we anticipate the opportunity to increase the number of FAs to whom we provide services, whether indirectly through institutions who employ them or directly through acquisitions.

Further develop Third-Party Services as Source of Revenue

We believe we have opportunities for further revenue growth by leveraging both our clearing capability and BranchNet, our state-of-the-art proprietary business processing technology, in the Third-Party Services channel. We expect to offer these services to financial service providers under a variety of business models, including full service investment programs, front-end processing technology in addition to clearing services, and front-end processing as an add-on to incumbent clearing platforms. We believe that our proprietary BranchNet processing technology and our automated investment platforms, that will automatically re-allocate assets across a wide range of best-in-class managers, are key components of our value proposition as we seek to develop this business.

In 2006 we began to offer large institutions in the insurance industry with customized access to our clearing services and proprietary processing and business management technology. On December 15, 2006, we contracted with our first client in this area, a large, global insurance company, to provide clearing and processing services to its FAs engaged in business in the United States.

Our IFAs

Our IFAs are either independent financial advisors or financial advisors associated with an independent financial service provider. Our IFAs who are not associated with an independent financial service provider exclusively use our platform for all the brokerage and fee-based advisory services they offer. These IFAs are licensed with us, but they are independent contractors who maintain their own branch office and general support staff. These IFAs generally have many years of industry experience and generally join us from other brokerage institutions, including wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers. They focus primarily on clients in the growing mass affluent market, defined as households with income above $50,000 and investable assets between $100,000 and $1,000,000. We believe that traditional brokerage firms typically focus on higher net worth individuals, and, as a result, the mass affluent market is currently under-served. Therefore, we believe that the demand for the services of IFAs who target the mass affluent will continue to grow rapidly. We believe that our IFAs are well positioned to capitalize on this industry growth, particularly as the baby boomer

generation approaches retirement and increasingly demands financial advice. We have grown the number of our IFAs at a CAGR of more than 12.2% over the past five years from approximately 4,000 IFAs at year-end 2001 to approximately 7,000 at year-end 2006.

In a typical branch office there are two IFAs and a licensed assistant. Each of our IFAs enters into the same contract with us that addresses, among other matters, commission payout ratios to IFAs, as well as their compliance obligations.

We believe that our strong commitment to our IFAs is core to our success and our corporate culture is distinguished by its focus on improving the business of our IFAs. Our primary focus for over 20 years has been and continues to be our IFAs, which drives our innovative and customer-oriented approach. We believe our IFA retention rates are among the highest in the industry.

FA Recruiting and Training

Recruiting

We believe that our branch development staff is the largest recruiting force among all independent broker-dealers in the United States and recruits from a broader variety of sources than our competitors. We recruit FAs nationally through multiple channels, including wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers.

The FA market remains large, fragmented and growing. We believe there is a large addressable pool of IFAs from which we can recruit. We seek to capitalize on this market opportunity by leveraging our strong reputation and recruiting infrastructure to continue to add experienced and productive FAs. Given the strength and scale of our operations, we have historically been able to add new FAs profitably.

We seek to recruit FAs who are business leaders with strong industry experience and a track record of regulatory compliance. We screen all potential FAs through background and credit checks as well as a detailed review of a FA's historical product sales, disciplinary records, employment history and outside business activities.

Finally, to further facilitate our recruiting efforts, our Transition Services Group provides assistance to our IFAs on establishing their independent practices and migrating their client accounts to our platform. Once a IFA has joined us, our Business Development Group helps that IFA run its business as efficiently as possible.

Training

We invest substantial resources in our training programs in order to achieve the following goals:

- to enhance IFA performance and satisfaction;
- to help our IFAs use our technology and services more effectively;
- to enhance the competitiveness of our IFAs in the marketplace;
- to educate our IFAs about our product and service platforms; and
- to help our IFAs with regulatory compliance procedures.

Our IFAs can access our training programs in a variety of ways, including regional and national sales and training events, live web casts and online training modules. As an example, we annually host our National Sales and Education Conference, the largest of its kind among independent broker-dealers. This conference offers our IFAs opportunities to expand their industry and product knowledge, earn continuing education credits, understand recent changes in compliance regulations, and participate in hands-on training for newly offered technologies.

Products and Services

Independent Financial Advisors Products and Services

Our Independent Financial Advisors segment provides our IFAs access to a platform of non-proprietary, high-quality products for their clients, including fixed and variable annuities, mutual funds and alternative investments, as well as full-service stock and bond trading. This segment also provides our IFAs with a fee-based advisory platform that enables them to build comprehensive customized portfolios of investments for their clients. In the past two years, this segment has started offering our insured cash account program ("ICA Program"), which is a bank deposit sweep program for eligible taxable accounts held at us. Unlike other brokerage firms which combine product distribution and product manufacturing within a single company, we operate on an open architecture product platform with no proprietary investment products. Our IFAs are able to recommend products selected on the basis of their clients' financial needs and objectives without being influenced by potential product manufacturing biases. To help our IFAs meet their clients' needs with suitable options, we have developed relationships with many industry leading providers of investment and insurance products.

Commission-Based Products

Commission-based products are those for which we and our IFAs receive an up-front commission and, for certain products, a trail commission. Our brokerage offerings include fixed and variable annuities, mutual funds, general securities, alternative investments and insurance.

- *Fixed and Variable Annuities*. We provide to our IFAs access to a wide variety of variable annuity products, including products that feature guaranteed levels of income, accumulation and death benefits. We also provide our IFAs with a broad suite of fixed annuity products, including immediate and deferred annuities.
- *Mutual Funds*. We provide to our IFAs access to a broad set of mutual fund products across a diverse range of investment styles.
- *General Securities*. We provide to our IFAs transaction execution services to their clients for securities such as equities, options and fixed income securities.
- *Alternative Investments*. We provide to our IFAs access to hedge "funds of funds," REITs, structured notes and private placements.

Fee-Based Advisory Platform

In addition to commission-based products, we provide a fee-based advisory platform. In our fee-based advisory platform, we and our IFAs receive an annual fee based on a percentage of client assets under management. We believe that increasing industry demand for fee-based services, as well as our IFAs' commitment to building the fee-based portion of their business, has enabled us to rapidly grow this business. We believe that the migration towards our fee-based advisory platform encourages higher value-added interactions between our IFAs and their clients.

We have multiple proprietary programs for our IFAs and their clients to choose from, including:

- *Strategic Asset Management (SAM*). Introduced in 1991, Strategic Asset Management is a fee-based investment program that allows the creation of comprehensive, customized client portfolios managed individually by our IFAs. The SAM platform provides access to no-load/load-waived mutual funds, stocks, bonds, conservative option strategies, UITs and a no-load, multi-manager variable annuity. Our research department provides model portfolio allocations, mutual fund and fixed income recommendations and access to third-party equity research to assist the IFA using the SAM platform. The SAM assets under management were approximately $44 billion as of December 31, 2006.
- *Manager Select*. Introduced in 1996. Manager Select is a fee-based separately managed account program that provides high net-worth clients the ability to access leading institutional money managers. Separate accounts provides for benefits such as the direct ownership of securities, portfolio customization, improved tax efficiency and cost transparency. Our research department provides money manager oversight and recommendations, as well as asset allocation guidelines for clients with a range of investment objectives. The Manager Select assets under management were $3.9 billion as of December 31, 2006.
- *Optimum Market Portfolios (OMP*). Introduced in 2003, the Optimum Market Portfolios program utilizes the Optimum family of mutual funds which are sub-advised by best in class money managers. Our research department has created a range of asset allocation models with the flexibility to meet the financial goals of a large range of clients. We provide automated portfolio rebalancing to our IFAs and their clients for all OMP accounts. The OMP assets were $1.6 billion as of December 31, 2006.
- *Personal Wealth Portfolios (PWP*). Introduced in July 2005, the Personal Wealth Portfolios program is a research-driven open architecture program that combines multiple investment styles using mutual funds and institutional separate account money managers in a single account. Our research department provides manager monitoring and oversight and asset allocation models. We also provide rebalancing, tax management capabilities and enhanced reporting. The PWP assets under management were approximately $666 million as of December 31, 2006.

ICA Program

Our ICA Program is a bank deposit sweep program for eligible taxable accounts held at us. Under the ICA Program, available cash balances (from securities transactions, dividend and interest payments, and other activities) in eligible accounts are automatically deposited into interest bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit accounts at one or more banks or other depository institutions. The deposit accounts at each bank are eligible for insurance by the FDIC for up to $100,000 in principal and accrued interest per depositor (and up to $250,000 for an individual retirement account and certain other retirement accounts). Our ICA Program offers available banks into which funds are deposited for up to $1 million for individual accounts ($2 million for joint accounts) with FDIC insurance coverage of these amounts.

Other Products and Services

We have selectively expanded our services to include insurance services, mortgage services and trust services to enable our IFAs to provide a comprehensive array of products and services to address their clients' needs. We have expanded these services both organically and through select acquisitions, as described below. Our Other reporting segment includes the results of our Trust Services, Mortgage Services, Insurance Services and Affiliated Advisory Services business segments.

Trust Services

In February 2003, we acquired PTC Holdings Inc. and its wholly owned subsidiary, The Private Trust Company, N.A., ("PTC"), a non-depository national banking association. These services enable our IFAs to assist their clients with management of intergenerational wealth transfers. In addition, PTC also provides retirement account custodial services. Our IFAs and their clients work directly with PTC and their staff who have backgrounds in law, accounting, banking, investment management tax and business.

Mortgage Services

In June 2004, we acquired Innovex Mortgage Inc. ("Innovex") which provides a comprehensive mortgage services for the residential properties of our IFAs' clients. Innovex enables our IFAs to build relationships by offering their clients mortgage solutions by originating, underwriting and funding a variety of mortgage and home equity loan products to suit the needs of the borrowers. Through Innovex, we provide mortgage brokerage and lending services in 46 states and the District of Columbia. Innovex either originates residential mortgage loans internally through a warehouse line of credit facility or externally as a broker for other banks. We have an agreement with certain third-party financial institutions to purchase loans originated internally as long as they meet certain criteria, generally within 30 days from funding.

Insurance Services

In June 2004, we acquired WS Griffith Associates, Inc., a brokerage general agency (which we subsequently renamed Linsco/Private Ledger Insurance Associates, Inc.), which provides access to a broad range of life, disability and long-term care products provided by multiple carriers. The agency's services include a comprehensive range of products, advanced case design, point of sale service and product support. LPL Insurance Services works closely with leading insurance carriers to enable our IFAs to meet a broad range of their clients' insurance needs.

Affiliated Advisory Services

Our subsidiary Independent Advisors Group, Inc. ("IAG") offers a private labeled investment advisory platform for customers of FAs working for other financial service providers.

IFA Support

Through strategic investments in our technology platform, we have automated most of our IFAs' operational functions, allowing them to transact and monitor their business more efficiently and lowering the cost of execution for both us and our IFAs. Our IFAs use our resources daily for their practices. Our systems enable our IFAs to seamlessly interface with our back office, thereby efficiently providing them with the necessary tools with which to serve their clients. We also provide our IFAs with independent research on investment products and asset allocation models. We provide a strong compliance infrastructure and licensing assistance to our IFAs. We believe our proprietary technology and service platform provides us with a significant competitive advantage.

Software

The foundation of our IFA software is BranchNet, a proprietary platform in which we have made significant investments over the past 15 years. BranchNet provides our IFAs with tools to manage and grow their practices. For example, it enables our IFAs to automate time consuming processes such as opening and managing accounts, executing transactions and rebalancing accounts. In addition to our basic BranchNet package, many of our IFAs subscribe to premium features such as performance reporting, financial planning, and customized websites. We intend to continue our development of the BranchNet platform and other related technologies that will increase our IFAs' efficiency and related profitability. We recently started to offer our IFAs an integrated software application that will enable them to electronically image branch office records, thereby reducing record retention costs and improving access to records. Recent developments in 2007 include, among others, the release of online order entry for variable annuity transaction processing.

Clearing Services

Our brokerage and trading platforms provide comprehensive transaction processing and account administration for mutual funds, equities, fixed income securities, options and other securities. We launched our self-clearing platform in 2000, utilizing Thomson's Beta Systems for our books and records system, which addresses all important facets of securities transaction processing, including order routing, trading support, execution and clearing, position keeping, regulatory and tax compliance and reporting, and investment accounting and recordkeeping.

Our decision to become a self clearing broker-dealer has allowed us to manage our cost structure, and service levels more effectively. Our self-clearing platform has enabled us to have better control of data and to facilitate platform development, allowing us to further enhance the quality of services we provide to our IFAs. In addition, we believe self-clearing provides our IFAs with efficient and reliable trade processing and financial reporting, enabling them to focus their efforts on serving their clients.

Service Center

Our San Diego and Charlotte based service center fields inbound questions from our IFAs, providing them with a single, centralized source to obtain assistance with their clients' brokerage, advisory and retirement accounts. Our experienced staff of approximately 160 employees receives ongoing training that enables them to provide consistent and accurate information. Unlike many FAs licensed at brokerage firms that outsource clearing services, our IFAs can access a single point of contact to resolve questions for their clients. As a result, our staff resolves approximately 91% of inbound queries on the first contact.

Research

We provide IFAs with independent research on mutual funds, separate accounts, annuities, alternative investments, fixed income securities, asset allocation strategies, financial markets and the economy. They develop asset allocation models for our fee-based advisory programs and provide in-depth analysis on a vast number of investments. We believe these research resources are critical to our success and provide us with a notable competitive advantage. Our research department has developed recommended lists of mutual funds, separate accounts and variable annuity sub-accounts. The research process combines quantitative and qualitative screening factors, without considering in any way any financial arrangements or business relationships between us and product manufacturers. The entire suite of published research analysis, commentary recommendations, third-party research data and analytical tools is available real time to IFAs.

Compliance and Registration

The primary function of our compliance department is to develop policies and procedures designed to ensure that we, our employees, and our IFAs conduct business in a manner that complies with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), the states, the National Association of Securities Dealers, Inc. ("NASD"), the Commodities Futures Trading Commission ("CFTC") and other self-regulatory organizations of which we are a member. We have made a strong commitment to this business function and have grown our compliance and registration staff from 68 employees in 2002 to approximately 140 employees in 2006. In fulfilling this function, the compliance area is divided into the following groups:

- *Surveillance Group*. Responsible for daily electronic monitoring of our brokerage activities.
- *Advisory Compliance Group*. Responsible for the daily electronic monitoring of our investment advisory activities.
- *Branch Audit Group*. Responsible for the annual inspection of all branch offices.
- *Advertising Compliance Group*. Responsible for reviewing all advertising, sales literature and correspondence prepared by our IFAs.
- *Supervision Group*. Responsible for the supervision of branch office managers.

We use our proprietary advisory surveillance software to monitor advisory accounts for metrics such as performance relative to market indices, concentrated holdings, inactivity, margin levels, trade count and excessive management fees. With respect to our brokerage accounts, we utilize automated surveillance reporting to review trading activity and perform general suitability reviews.

The primary function of our registration department is to license all of our IFAs to enable them to engage in brokerage, advisory and insurance related activities. The registration staff is also responsible for the processing of our corporate licenses used by us and our subsidiaries, to engage in brokerage,

commodities, advisory and insurance business. In addition, the registration department is responsible for administering our NASD mandated continuing education program and for tracking IFA completion of continuing education requirements.

Account Protection

Our Securities Investor Protection Corporation ("SIPC") membership provides account protection up to a maximum of $500,000 per client account, of which $100,000 may be in cash. Additionally, through Lloyds of London, our accounts have additional securities coverage of $99.5 million per client account, subject to a $500 million aggregate firm limit. The account protection applies when a SIPC firm fails financially and is unable to meet obligations to securities clients, but it does not protect against losses from the rise and fall in the market value of investments.

Disaster Recovery

We have developed a comprehensive business continuity plan that covers business disruptions of varying severity and scope. The plan addresses the potential loss of a geographic area, building, staff, data, systems and/or our telecommunications. We subject our business continuity plan to review and testing on an ongoing basis and update it as necessary. Under our business continuity plan, we expect to continue to be able to do business and resume operations with minimal service impacts. However, under certain scenarios, the time that it would take for us to recover and to resume operations may significantly increase depending on the extent of the disruption and the number of personnel affected.

Competition

We compete with a variety of financial institutions to attract and retain experienced and productive FAs and financial institutions who employ them. These financial institutions include clearing and processing firms, broker-dealers, asset managers insurance companies, and banks. We believe our primary competitors include Merrill Lynch & Co., Inc., Morningstar, Inc., Charles Schwab & Co., Inc., Wachovia Securities, Inc., SEI Investments Development, Inc., National Financial Services, LLC, Pershing, LLC, Primevest Financial Services, Inc. and Raymond James Financial, Inc., among others. We believe that our strong value proposition for our IFAs and financial institutions that employ financial advisors allows us to differentiate ourselves versus competitors.

Our IFAs compete for clients and administered assets with brokerage firms, banks, insurance companies, asset management and investment advisory firms. In addition, they also compete with a number of firms offering on-line financial services and discount brokerage services, usually with lower levels of service and fees, to individual clients. Factors affecting our IFAs' competitiveness include pricing levels, the breadth and quality of the products and advisory programs they offer, as well as the strength and continuity of their client relationships. In addition, the proper functioning of the service platform we provide to our IFAs, such as software, processing, compliance and registration, is critical to our IFAs' ability to compete effectively.

Employees

As of December 31, 2006, we had 1,423 employees. None of our employees are subject to collective bargaining agreements governing their employment with us. Our continued growth is dependent, in part, on our ability to recruit and retain skilled technical sales and professional personnel. We believe that our relationships with our employees are excellent.

Regulation

Our businesses, as well as the financial services industry generally, are subject to extensive regulation. As a matter of public policy, securities regulatory bodies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets, not with protecting the interests of our stockholders or creditors. The SEC is the federal agency responsible for the administration of the federal securities laws, while the CFTC is the federal agency responsible for the administration of the federal commodities laws. The exchanges, the NASD and the National Futures Association ("NFA") are self-regulatory bodies composed of members, such as our broker-dealer subsidiary, that have agreed to abide by the respective bodies' rules and regulations. Each of these regulatory bodies may examine the activities of, and may expel, fine and otherwise discipline, member firms and their registered representatives. The laws, rules and regulations comprising this framework of regulation and the interpretation and enforcement of existing laws, rules and regulations are constantly changing. The effect of any such changes cannot be predicted and may impact the manner of operation and profitability of our company.

Broker-Dealer Regulation

LPL is registered as a broker-dealer with the SEC, a member of the NASD, conducts business as a broker-dealer in all 50 states and the District of Columbia, is a member of various self-regulatory organizations, the Boston Stock Exchange ("BSE"), and a participant of various clearing organizations, including The Depository Trust Company ("DTC"), the National Securities Clearing Corporation ("NSCC"), and Options Clearing Corporation.

UVEST is registered as a broker-dealer with the SEC and is a member of the NASD. Similar to LPL, UVEST conducts business on a national basis, however it acts as an introducing firm, using Pershing, LLC, for securities clearing and custody functions.

Broker-dealers are subject to regulations covering all aspects of the securities business, including sales and trading practices, public offerings, publication of research reports, use and safekeeping of customers' funds and securities, capital structure, record-keeping and the conduct of directors, managers, officers and employees. Broker dealers are also regulated by securities administrators in those states where they do business. Compliance with many of the regulations applicable to us involves a number of risks because regulations are subject to varying interpretations. Regulators make periodic examinations and review annual, monthly and other reports on our operations, track record and financial condition. Violations of regulations governing a broker-dealer's actions could result in censure, fine, the issuance of cease-and-desist orders, the suspension or expulsion from the securities industry of such broker-dealer or its officers or employees, or other similar consequences. The rules of the MSRB, which are enforced by the NASD, apply to the municipal securities activities of LPL and UVEST.

The broker-dealer business activities that each of LPL and UVEST may conduct are limited by their membership agreements with the NASD, their primary self-regulator. The membership agreement may be amended by application to include additional business activities. This application process is time-

consuming and may not be successful. As a result, we may be prevented from entering new potentially profitable businesses in a timely manner, or at all. In addition, as a member of the NASD, we are subject to certain regulations regarding changes in control of our ownership. NASD Rule 1017 generally provides, among other things, that NASD approval must be obtained in connection with any transaction resulting in a change in our equity ownership that results in one person or entity directly or indirectly owning or controlling 25% or more of our equity capital, and would include a change in control of our parent company. As a result of these regulations, our future efforts to sell shares or raise additional capital may be delayed or prohibited by the NASD.

Our margin lending is regulated by the Federal Reserve Board's restrictions on lending in connection with customer purchases and short sales of securities, and NASD rules also require such subsidiaries to impose maintenance requirements on the value of securities contained in margin accounts. In many cases, our margin policies are more stringent than these rules.

Investment Advisor Regulation

As investment advisors registered with the SEC, LPL, UVEST and IAG are subject to the requirements of the Investment Advisers Act of 1940 and the SEC's regulations thereunder, as well as to examination by the SEC's Staff. Such requirements relate to, among other things, fiduciary duties to clients, performance fees, maintaining an effective compliance program, solicitation arrangements, conflicts of interest, advertising, limitations on agency cross and principal transactions between an advisor and advisory clients, recordkeeping and reporting requirements, disclosure requirements and general anti-fraud provisions. In addition, LPL, UVEST and IAG are subject to the Employee Retirement Income Security Act of 1974, as amended, or ERISA, and to regulations promulgated thereunder, insofar as they are a "fiduciary" under ERISA with respect to benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), impose certain duties on persons who are fiduciaries under ERISA, prohibit certain transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. The failure to comply with these requirements could have a material adverse effect on our business.

Commodities and Futures Regulation

LPL is licensed as a futures commission merchant ("FCM") and commodity pool operator with the CFTC and is a member of the NFA. Although licensed as a FCM and a commodity pool operator, LPL's futures activities are limited to conducting business as a guaranteed introducing broker. LPL is regulated by the CFTC and NTA, of which it is a member. Violations of the rules of the CFTC and the NFA could result in remedial actions including fines, registration terminations or revocations of exchange memberships. As a guaranteed introducing broker, LPL clears commodities and futures products through ADM Investor Services International Limited ("ADM"), and all commodities accounts and related client positions are held by ADM.

Trust Regulation

Our subsidiary, PTC, is a non-depository national banking association. PTC was chartered in 1994 and was acquired by us in February of 2003. As a limited purpose national bank, PTC is regulated and regularly examined by the Office of the Comptroller of the Currency ("OCC"). PTC files reports with the OCC within 30 days after the conclusion of each calendar quarter. Because the powers of PTC are limited to providing fiduciary services and investment advice, it does not have the power or authority to accept deposits or make loans. For this reason, trust assets under PTC's management are not insured by the Federal Deposit Insurance Corporation.

As PTC is not a "bank" as defined under the Bank Holding Company Act of 1956, neither its parent, PTC Holdings nor the Company is regulated by the Board of Governors of the Federal Reserve System as a bank holding company.

Because PTC is a national bank regulated by the OCC, many common corporate activities require approval of or are subject to regulations promulgated by the OCC. These include aspects of day to day operations which are subject to such OCC regulations and policies and procedures adopted by PTC, prior approval of any material change in the business plan of PTC, including direct or indirect changes in control of its parent, the opening of additional full service fiduciary offices (as opposed to representative trust office that only require a post-notice filing), any merger or acquisition directly by PTC, as opposed to us, maintenance of capital standards and numerous other items. In connection with the Acquisition (as defined below), the OCC required PTC to enter into an operating agreement that required us to provide the OCC with quarterly financial reporting and to seek prior OCC approval to any modification of PTC's business plan and imposed certain restrictions on the ability of PTC to pay dividends. PTC was previously party to an operating agreement with the OCC during the period from 2003 until 2004, and based on our experience, we do not expect that the terms of the new operating agreement will materially and adversely affect our operations. Under the new operating agreement, the OCC conditioned its approval of the Acquisition on an agreement by PTC to maintain certain levels of capital. Currently, PTC has agreed to maintain its capital level at not less than $10 million of Tier I capital, which the board of directors of PTC deems adequate for the current operation of its business. PTC also agreed to maintain liquid assets equal to the greater of $8 million or its projected operating expenses for the next twenty-four months (plus any additional expenses during that time period). We also agreed to establish a letter of credit in favor of PTC in an amount equal to $10 million.

The declaration of dividends by PTC is limited. Generally, a national bank may declare a dividend, without approval of the OCC, if the total of the dividends declared by such institution in a calendar year does not exceed the total of its net profits for that year less any dividends paid in that year combined with its retained profits for the preceding two years.

PTC operates in a highly competitive industry. It competes with national and state banks, savings and loan associations, securities dealers, insurance companies, investment companies, and personal financial planners as well as other financial institutions.

Mortgage Brokerage Regulation

Our subsidiary Innovex Mortgage, Inc. provides mortgage brokerage and/or lending services in 46 states (excluded states are Nevada, New York, New Jersey and Virginia). Innovex was acquired by us in 2004 and has been approved as a Title II non-supervised mortgagee by the U.S. Department of Housing and Urban Development ("HUD"), and it maintains mortgage brokerage or mortgage lending licenses or similar authorizations in those states in which its business requires it to do so, Innovex is governed by mortgage, brokerage and banking laws and regulations in each state in which it is doing business, and such laws and regulations may change frequently and are subject to interpretation by each of the individual regulators. Violations by Innovex of any state or

federal regulations, including while Innovex was under control of its prior owners, could result in fines, payment of restitution, revocations of its licenses or other authorizations, and in some circumstances, impairment of the enforceability of its loans or the validity of its liens.

Regulatory Capital

The SEC, NASD, CFTC and the NFA have stringent rules and regulations with respect to the maintenance of specific levels of net capital by regulated entities. Generally, a broker-dealer's capital is net worth plus qualified subordinated debt less deductions for certain types of assets. The Net Capital Rule under the Exchange Act requires that at least a minimum part of a broker-dealer's assets be maintained in a relatively liquid form. As a guaranteed introducing broker for commodities and futures that is also a registered broker-dealer, CFTC rules require us to comply with higher net capital requirements of The Net Capital Rule under the Exchange Act. If applicable net capital rules are changed or expanded, or if there is an unusually large charge against our net capital, our operations requiring the intensive use of capital would be limited. A large operating loss or charge against our net capital could adversely affect our ability to expand or even maintain these current levels of business, which could have a material adverse effect on our business and financial condition.

The SEC, NASD, CFTC and HUD impose rules that require notification when net capital falls below certain predefined criteria. These rules also dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer, and constrain the ability of a broker-dealer to expand its business under certain circumstances. If a broker-dealer fails to maintain the required net capital, it may be subject to suspension or revocation of registration by the applicable regulatory agency, and suspension or expulsion by these regulators ultimately could lead to the broker-dealer's liquidation. Additionally, the net capital rule and certain NASD rules impose requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital, and that require prior notice to the SEC and the NASD for certain capital withdrawals. All of our subsidiaries that are subject to net capital rules have been (with the exception of Innovex, which was briefly below its HUD required net capital January 2004 through March 2004 due to an accounting interpretation), and currently are, in compliance with those rules and have net capital in excess of the minimum requirements.

Anti-Money Laundering

The USA PATRIOT Act of 2001 (the "PATRIOT Act") contains anti-money laundering and financial transparency laws and mandates the implementation of various new regulations applicable to broker-dealers, FCMs and other financial services companies, including standards for verifying customer identification at account opening and obligations to monitor customer transactions and detect and report suspicious activities to the U.S. government. Financial institutions subject to the PATRIOT Act generally must have anti-money laundering procedures in place, implement specialized employee training programs, designate an anti-money laundering compliance officer and are audited periodically by an independent party to test the effectiveness of compliance. We have established policies, procedures and systems designed to comply with these regulations.

Privacy

We use information about our clients to provide personalized services. Regulatory activity in the areas of privacy and data protection continues to grow worldwide and is generally being driven by the growth of technology and related concerns about the rapid and widespread dissemination and use of information. We must comply with these information-related regulations, to the extent applicable, among others. Such regulations may constrain our ability to market our services to our current clients and to access additional clients. In addition, we must ensure that we properly safeguard our client information.

The 1999 Gramm-Leach-Bliley Act ("GLBA") requires disclosure of a financial institution's privacy policies and practices and affords customers (as defined in the GLBA) the right to "opt out" of an institution's transmission of information to unaffiliated third parties (with certain exceptions). GLBA also requires financial institutions to safeguard customer information. We will continue our efforts to safeguard the data entrusted to us in accordance with applicable law and our internal data protection policies, including taking steps to reduce the potential for identity theft, while seeking to collect and use data to properly achieve our business objectives and to best serve our clients. LPL is further subject to state privacy and data security laws, which if more strict than the federal standard under GLBA will apply in addition to the GLBA standard.

The Fair Credit Reporting Act of 1970 ("FCRA"), as amended, regulates our obtaining and disclosing consumer reports periodically obtained regarding our IFAs. The 2003 Fair and Accurate Credit Transactions Act ("FACT Act") significantly amended the FCRA, including making permanent and adding to the preemption of state laws regarding certain activities involving consumer reports. The extent to which the FCRA preempts state law is currently the subject of litigation. In addition, the FACT Act amended the FCRA by adding new provisions designed to prevent or reduce the incidence of identify theft and to improve the accuracy of consumer report information. The FACT Act also requires any company that receives consumer "eligibility" information from an affiliate to permit the consumer to opt out of having that information used to market the company's products to the consumer, subject to certain exceptions. This provision has not yet taken effect, as the rules implementing it have not been finalized.

Regulatory Actions

On October 13, 2005, we received a "Wells" notice from the NASD's Department of Enforcement. The notice advised us that the NASD staff had made a preliminary determination to recommend disciplinary action for potential violations of NASD Conduct Rule 2210. The staff alleged that we failed to maintain adequate supervisory procedures regarding the exchange of variable annuities. On December 21, 2006, the NASD accepted our Corrective Action Statement and Letter of Acceptance, Waiver and Consent ("AWC") with respect to the matter. Under the AWC, and without admitting or denying the findings, we consented to a fine of $300,000. See "Legal Proceedings."

ITEM 1A. RISK FACTORS

Risk Factors Related to our Business

We depend on our ability to attract and retain experienced and productive IFAs and financial institutions who employ financial advisors.

Our ability to attract and retain experienced and productive IFAs and financial institutions who employ financial advisors has contributed significantly to our growth and success, and our strategic plan is premised upon continued growth in the number of our IFAs. If we fail to attract new IFAs and financial institutions who employ financial advisors or to retain and motivate our current IFAs and financial institutions who employ financial advisors, our business, results of operations or financial condition may suffer.

We devote considerable efforts to recruiting experienced and productive FAs. The market for experienced and productive FAs is highly competitive. In attracting FAs, we compete directly with a variety of financial institutions such as wirehouses, regional broker-dealers, banks, insurance companies and other independent broker-dealers. There can be no assurance that we will be successful in our efforts to recruit the FAs needed to achieve our growth objectives.

We also devote considerable resources to encouraging our IFAs and financial institutions who employ financial advisors to remain with us. Our contracts with our IFAs are mutually terminable upon 30 days' notice. As a result, IFAs licensed with us may in the future leave us at any time to pursue other opportunities. Although our level of payout is designed to discourage attrition, there can be no assurance that we will be successful in retaining such IFAs, the loss of whom, and the loss of whose clients, will also result in a loss of income to us.

Further, as competition for experienced and productive FAs increases, there may be competitive pressure to increase the share of commissions and advisory fees we pay to our IFAs and financial institutions who employ financial advisors. Any such increase could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We depend on FAs' ability to grow their businesses.

Our financial results are influenced by the growth of our FAs' and related financial institutions' businesses. The growth of their businesses has been affected by a variety of factors that are both external and internal to the financial advisory industry, including general economic conditions. If FAs are not able to grow their businesses, our business, results of operations, cash flows or financial condition may suffer.

The performance of our business is correlated with the economy and financial markets, and a slowdown or downturn in the economy or financial markets could adversely affect our business, results of operations, cash flows or financial condition.

Our financial results are influenced by the willingness or ability of clients to maintain or increase their investment activities in the financial products offered by us. As a result, general economic and market factors can affect our commission and fee revenue. For example, a decrease in stock prices can:

- reduce new investments by both new and existing clients in financial products that are linked to the stock market, such as variable life insurance, variable annuities, mutual funds and managed accounts;
- reduce trading activity, thereby affecting our brokerage commissions;
- reduce the value of assets under management, thereby reducing asset-based fee income; and
- motivate clients to withdraw funds from their accounts, reducing assets under management, advisory fee revenue, and asset-based fee income.

General economic and market factors may also slow the rate of growth, or lead to a decrease in the size, of the mass affluent market.

Because clients can withdraw their assets on short notice, poor performance of the investment products and services may have a material adverse effect on our business, results of operations, cash flows or financial condition.

Clients can reduce the aggregate amount of assets under management or shift their funds to other types of accounts with different rate structures for any of a number of reasons, including investment performance and personal client liquidity needs. Poor performance of the investment products and services that we offer relative to the performance of other products available in the market or the

performance of other investment management firms tends to result in the loss of accounts. The decrease in revenue that could result from such an event could have a material adverse effect on our business, results of operations, cash flows or financial condition.

Our business is competitive and, if we are unable to compete effectively, our business, results of operations, cash flows or financial condition may be adversely affected.

We compete directly with a variety of financial institutions to attract and retain experienced and productive FAs. These financial institutions include wirehouses, regional broker-dealers, banks, insurance companies, and other independent broker-dealers. Recent consolidation in the financial services industry has created stronger competitors, some of whom have greater financial resources. This may allow our competitors to respond more quickly to new technologies and changes in market demand, to devote greater resources to developing and promoting their services, and to make more attractive offers to potential FAs. In addition, the passage of the Gramm-Leach-Bliley Act in 1999 reduced barriers to large institutions providing a wide range of financial services products and services. See "Business—Competition" for a listing of some of our more prominent competitors.

We may experience pricing pressures in the future as some of our competitors seek to obtain increased market share by reducing fees. Some competitors may offer services to clients at lower prices than we are offering, which may force us to reduce our prices or to lose market share and revenue. If we are not able to compete successfully in the future, our business, results of operations, cash flows or financial condition could be adversely affected.

Our business is highly regulated and the failure to comply with applicable regulations could result in penalties, temporary or permanent prohibitions on our activities and reputational harm, any of which could have a material adverse effect on our business, results of operations, cash flows or financial condition.

Our business is subject to extensive United States regulation and supervision, including regarding securities and investment advisory services. LPL and UVEST are registered as broker-dealers and investment advisers with the SEC, are members of the NASD, do business as broker-dealers and investment advisers in all 50 states and the District of Columbia, and are members of various self-regulatory organizations. In addition, LPL is a member of the NSCC and the DTC. LPL is also registered as a FCM and a commodity pool operator with the CFTC.

The SEC, NASD, CFTC, various securities and futures exchanges and other U.S. governmental or regulatory authorities continuously review legislative and regulatory initiatives and may adopt new or revised laws and regulations. There can also be no assurance that existing regulations will not change or that Federal, state or foreign agencies will not attempt to further regulate our business. These legislative and regulatory initiatives may affect the way in which we conduct our business and may make our business less profitable. Recently, federal, state and other regulatory authorities have focused on, and continue to devote substantial attention to, the mutual fund and variable annuity industries. It is difficult at this time to predict whether changes resulting from new laws and regulations will affect these industries or our business and, if so, to what degree. For example, there have recently been suggestions from regulatory agencies and other industry participants that mutual fund fees paid under Rule l2b- l of the Investment Company Act of 1940, as amended, in exchange for

distributing certain mutual funds should be reconsidered and potentially reduced or eliminated. Similarly, there have been recent suggestions from regulatory agencies that fees derived from marketing arrangements between product manufacturers and distributors should be reduced or restructured. In addition, changes in legislation and regulatory law may reduce the amount of commission or compensation permitted to be derived from investment products offered by independent broker-dealers. An industry-wide reduction or restructuring of Rule l2b-1 fees, amounts we receive under marketing arrangements or amounts permitted to be received from investment products could have a material adverse effect on our business, results of operations, cash flows or financial condition.

Our ability to conduct business in the jurisdictions in which we currently operate depends on our compliance with the laws, rules and regulations promulgated by federal regulatory bodies and the regulatory authorities in each of these jurisdictions. Our ability to comply with all applicable laws, rules and regulations is largely dependent on our establishment and maintenance of compliance, audit and reporting systems and procedures, as well as our ability to attract and retain qualified compliance, audit and risk management personnel. While we have adopted policies and procedures reasonably designed to comply with all applicable laws, rules and regulations, these systems and procedures may not be fully effective, and there can be no assurance that regulators or third parties will not raise material issues with respect to our past or future compliance with applicable regulations. We face the risk of intervention by regulatory authorities, including extensive examination and surveillance activity and adoption of costly or restrictive new regulations. In the case of actual or alleged non-compliance with regulations, we could be subject to investigations and administrative proceedings that may result in substantial penalties. Any failure to comply with applicable laws and rules could adversely affect our business, results of operations, cash flows or financial condition.

We also are subject to various laws, regulations, and rules setting forth requirements regarding privacy and data protection. If our policies, procedures and systems are found to not comply with these requirements, we could be subject to regulatory actions or litigation that could have a material adverse effect on our business, results of operations, cash flows or financial condition.

Recently, a class action complaint was filed against other broker-dealers alleging various causes of action arising out of their bank deposit sweep programs with their affiliated banks. In this class action complaint, allegations were, among others, that the disclosures by the broker and dealers were false and misleading and that the firms concealed material information from customers. Although we believe our ICA Program differs from the named broker-dealers' programs, there has been significant scrutiny under these programs. If we are not able to offer our ICA Program, it could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We are subject to various regulatory capital requirements, which, if not complied with, could result in the restriction of the ongoing conduct, growth, or even liquidation of parts of our business.

The SEC, NASD and CFTC have extensive rules and regulations with respect to capital requirements. The net capital rule under the Exchange Act requires that at least a minimum part of a broker-dealer's assets be maintained in a relatively liquid form. For example, as a guaranteed introducing broker for commodities and futures that is also a registered broker-dealer, CFTC rules require us to comply with higher net capital requirements of the net capital rule. Our ability to withdraw capital from LPL could be restricted, which in turn could limit our ability to fund operations, repay debt and redeem or purchase shares of our outstanding stock. A large operating loss or charge against net capital could adversely affect our ability to expand or even maintain our present levels of business.

Our business is subject to risks related to litigation and arbitration actions.

From time to time, we are subject to legal proceedings arising out of our business operations, including lawsuits, arbitration claims, regulatory and or governmental subpoenas, investigations and actions, and other claims. Many of our legal claims are client initiated and involve the purchase or sale of investment securities. In our investment advisory programs, we have fiduciary obligations that require us and our IFAs to act in the best interests of our IFAs' clients. We may face liabilities for actual or claimed breaches of these fiduciary duties. The outcome of these actions cannot be predicted, and although we believe we have adequate insurance coverage for these matters (see "—Our errors and omissions insurance coverage may be inadequate or expensive"), no assurance can be given that such legal proceedings would not have a material adverse effect on our business, results of operations, cash flows or financial condition.

Our errors and omissions insurance coverage may be inadequate or expensive.

We are subject to arbitration claims in the ordinary course of business resulting from alleged and actual errors and omissions in effecting securities transactions, rendering investment advice and making insurance sales. These activities may involve substantial amounts of money. Since errors and omissions claims against us may allege our liability for all or part of the amounts in question, claimants may seek large damage awards. These claims can involve significant defense costs. Errors and omissions could include, for example, failure, whether negligently or intentionally, to effect securities transactions on behalf of our IFAs or their clients, failure to disclose material information relating to the investment, breach of fiduciary duty and unsuitable investment recommendations. It is not always possible to prevent or detect activities giving rise to claims, and the precautions we take may not be effective in all cases.

We have mandatory errors and omissions insurance coverage to protect us and our IFAs against the risk of liability resulting from alleged and actual errors and omissions. Recently, premium and deductible costs associated with this insurance have increased, coverage terms have become far more restrictive and the number of insurers in this market has decreased. In 2006, LPL increased its deductible from $45,000 per claim to $250,000 per claim. This means that we bear increased economic risk for any claims. While we endeavor to purchase coverage that is appropriate to our assessment of our risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Our business, results of operations, cash flows or financial condition may be negatively affected if in the future our insurance proves to be inadequate or unavailable. In addition, errors and omissions claims may harm our reputation or divert management resources away from operating our business.

Misconduct and errors by our employees and our IFAs could harm our business, results of operations, cash flows or financial condition.

Misconduct and errors by our employees and our IFAs could result in violations of law by us, regulatory sanctions and/or serious reputational or financial harm. Misconduct and errors could include:

- errors in executing securities transactions;
- hiding unauthorized or unsuccessful activities resulting in unknown and unmanaged risks or losses;
- improperly using or disclosing confidential information;
- recommending securities that are not suitable;
- engaging in fraudulent or otherwise improper activity;
- engaging in unauthorized or excessive trading; or
- otherwise not complying with laws or our control procedures.

We cannot always deter misconduct and errors by our employees and our IFAs, and the precautions we take to prevent and detect this activity may not be effective in all cases. Prevention and detection among our IFAs, who are not employees of LPL and tend to be located in small, decentralized offices, present additional challenges. There cannot be any assurance that misconduct and errors by our employees and IFAs will not lead to a material adverse effect on our business, results of operations, cash flows or financial condition.

The securities settlement process exposes us to risks that may impact our liquidity and profitability.

We provide clearing services and trade processing for our IFAs and their clients and, in the future, certain financial institutions. Broker-dealers that clear their own trades are subject to substantially more regulatory requirements than brokers that outsource these functions to third-party providers. Errors in performing clearing functions, including clerical, technological and other errors related to the handling of

funds and securities held by us on behalf of clients, could lead to censures, fines or other sanctions imposed by applicable regulatory authorities as well as losses and liability in related lawsuits and proceedings brought by our IFAs' clients and others. Any unsettled securities transactions or wrongly executed transactions may expose our IFAs and us to adverse movements in the prices of such securities.

Our business could be materially adversely affected as a result of the risks associated with acquisitions and investments.

As part of our business strategy, we seek to acquire businesses that offer complementary products, services or technologies. These acquisitions are accompanied by the risks commonly encountered in an acquisition of a business, which may include, among other things:

- the effect of the acquisition on our financial and strategic position and reputation;
- the failure of an acquired business to further our strategies;
- the failure of the acquisition to result in expected benefits, which may include benefits relating to enhanced revenues, technology, human resources, costs savings, operating efficiencies and other synergies;
- the difficulty and cost of integrating the acquired business, including costs and delays in implementing common systems and procedures and costs and delays caused by communication difficulties or geographic distances between the two companies' sites;
- the assumption of liabilities of the acquired business, including litigation-related liability;
- the potential impairment of acquired assets;
- the lack of experience in new markets, products or technologies or the initial dependence on unfamiliar supply or distribution partners;
- the diversion of our management's attention from other business concerns;
- the impairment of relationships with customers or suppliers of the acquired business or our customers or suppliers;
- the potential loss of key employees of the acquired company; and
- the potential incompatibility of business cultures.

These factors could have a material adverse effect on our business, results of operations, cash flows or financial condition. To the extent that we issue shares of our common stock or other rights to purchase our common stock in connection with any future acquisition, existing shareholders may experience dilution and our earnings per share may decrease. On January 2, 2007, we acquired all of the outstanding capital stock of UVEST. We are currently integrating the operations of UVEST with ours. We cannot assure that we will be able to successfully integrate these operations, and even if we do so, we may be unable to realize the benefits we expect to obtain as a result of that integration, including projected cost reductions, in a given period or no a definitive basis.

In addition to the risks commonly encountered in the acquisition of a business as described above, we may also experience risks relating to the challenges and costs of closing a transaction. Further, the risks described above may be exacerbated as a result of managing multiple acquisitions at the same time. We also may invest in businesses that offer complementary products, services or technologies. These investments would be accompanied by risks similar to those encountered in an acquisition of a business.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types or risks.

We have adopted policies and procedures to identify, monitor and manage our risks, including, among other things, establishing our Enterprise Risk Management Group with internal audit function. These policies and procedures, however, may not be fully effective. Some of our risk evaluation methods depend upon information provided by others and public information regarding markets, clients or other matters that are otherwise accessible by us. In some cases, however, that information may not be accurate, complete or up-to-date. Also, because our IFAs work in small, decentralized offices, additional risk

management challenges may exist. If our policies and procedures are not fully effective or we are not always successful capturing all risks to which we are or may be exposed, our business could be materially adversely affected.

If the counterparties to the derivative instruments we use to hedge our business risks default, we may be exposed to risks we had sought to mitigate, which could adversely affect our results of operations, cash flows or financial condition.

We use a variety of derivative instruments to hedge several business risks. If our counterparties fail to honor their obligations under the derivative instruments, our hedges of the related risk will be ineffective. That failure could have an adverse effect on our financial condition and results of operations, cash flows that could be material.

As a public company we would incur substantial additional costs to comply with securities laws, rules and regulations, including, in particular, Section 404 of the Sarbanes Oxley Act of 2002.

We have not previously operated as a public company and currently have no intention to register our common stock. As a public company subject to the reporting requirements of the Exchange Act and the Sarbanes—Oxley Act of 2002, or Sarbanes—Oxley, we would be required, among other things, to file periodic reports relating to our business and financial condition. In addition, Section 404 of Sarbanes—Oxley would require us to include a report with our annual report on Form 10-K that must include management's assessment of the effectiveness of our internal control over financial reporting as of the end of the applicable fiscal year and disclosure of any material weaknesses in internal control that we have identified. Additionally, our independent registered public accounting firm would be required to issue a report on management's assessment of our internal control over financial reporting and their evaluation of the operating effectiveness of our internal control. Our assessment would require us to make subjective judgments and our independent registered public accounting firm might not agree with our assessment. Achieving compliance with Section 404 within the prescribed period would require us to incur significant costs and expend significant time and management resources. If we were unable to complete the work necessary for our management to issue its management report in a timely manner, or if we were unable to complete any work required for our management to be able to conclude that our internal control over financial reporting were operating effectively, we and our independent registered public accounting firm would be unable to conclude that our internal control over financial reporting is effective as of December 31, 2008. As a result, investors could lose confidence in our reported financial information or public filings, which could have an adverse effect on the trading price of our stock or lead to stockholders litigation. In addition, our independent registered public accounting firm might not agree with our management's assessment or conclude that our internal control over financial reporting were not operating effectively. The new laws, rules and regulations might also make it more difficult for us to attract and retain qualified independent members of the Board and qualified executive officers.

Our networks may be vulnerable to security risks.

The secure transmission of confidential information over public networks is a critical element of our operations. Our application service provider systems maintain and process confidential data on behalf of FAs and their clients, some of which is critical to FAs' business operations. For example, our brokerage systems maintain account and trading information for clients. If our application service provider systems are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons, clients could experience data loss, financial loss, harm to reputation and significant business interruption. If such a disruption or failure occurs, we may be exposed to unexpected liability, clients may withdraw their assets, our reputation may be tarnished, and there could be a material adverse effect on our business, results of operations, cash flows or financial condition.

We have not experienced significant network security problems in the past. However, our networks may be vulnerable to unauthorized access, computer viruses and other security problems in the future. Persons who circumvent security measures could wrongfully use our confidential information or our clients' confidential information or cause interruptions or malfunctions in our operations. We may be required to expend significant additional resources to protect against the threat of security breaches or to alleviate problems caused by any breaches. We may not be able to implement security measures that will protect against all security risks.

Failure to maintain technological capabilities, difficulties in upgrading our technology platform, or the introduction of a competitive platform could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We believe that our technology platform, particularly our BranchNet system, is one of our competitive strengths. Our future success will depend in part on our ability to anticipate and adapt to technological advancements required to meet the changing demands of our FAs. In particular, the emergence of new industry standards and practices could render our existing systems obsolete or uncompetitive. Any upgrades or expansions may require significant expenditures of funds and may also increase the probability that we will suffer system degradations and failures. There cannot be any assurance that we will have sufficient funds to adequately update and expand our networks, nor can there be any assurance that any upgrade or expansion attempts will be successful and accepted by our current and prospective IFAs and financial institutions who employ FAs. Our failure to adequately update and expand our systems and networks could have a material adverse effect on our business, results of operations, cash flows or financial condition.

In addition, we believe our extensive prior investments in our proprietary technology platform and the scale advantage these investments have created enable us to add new IFAs without significant incremental costs. If a reasonably priced, competitive system became available to broker-dealers generally, and to smaller broker-dealers particularly, our scale advantage could be adversely affected. Our BranchNet system was developed over a period of more than ten years and at significant cost. There can be no assurance, however, that a competitive system cannot be developed that would provide broker-dealers with the ability to offer a competitive platform at an economical price.

Disruption of our disaster recovery plans and procedures in the event of a catastrophe could adversely affect our business, results of operations, cash flows or financial condition.

We have made a significant investment in our infrastructure, and our operations are dependent on our ability to protect the continuity of our infrastructure against damage from catastrophe or natural disaster, breach of security, loss of power, telecommunications failure or other natural or man-made events. A catastrophic event could have a direct negative impact on us by adversely affecting our employees or facilities, or an indirect impact on us by adversely affecting our IFAs, clients, financial institutions who

employ FAs, the financial markets or the overall economy. While we have implemented business continuity and disaster recovery plans, it is impossible to fully anticipate and protect against all potential catastrophes. In addition, the location of our headquarters and a disaster recovery site in San Diego, California increases our vulnerability to certain natural disasters. If our business continuity and disaster recovery plans and procedures were disrupted or unsuccessful in the event of a catastrophe, we could experience a material adverse interruption of our operations.

Our ability to provide financial services to our IFAs, financial institutions who employ FAs and clients, and to create and maintain comprehensive tracking and reporting of client accounts depends on our capacity to store, retrieve and process data, manage significant databases and expand and periodically upgrade our information processing capabilities. Interruption or loss of our information processing capabilities could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We do not currently maintain interruption insurance.

Our future success depends on our ability to recruit and retain qualified employees.

Our success and future growth depends upon our ability to attract and retain qualified employees. There is significant competition for qualified employees in the broker-dealer industry. We may not be able to retain our existing employees or fill new positions or vacancies created by expansion or turnover. The loss or unavailability of these individuals could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We depend on key senior management personnel.

Our success depends upon the continued services of our key senior management personnel, including our executive officers and senior managers. The loss of one or more of our key senior management personnel, and the failure to recruit a suitable replacement or replacements, could have a material adverse effect on our business, results of operations, cash flows or financial condition.

A loss of our marketing relationships with a variety of leading manufacturers of investment products could harm our business, results of operations, cash flows or financial condition.

We operate on an open architecture product platform with no proprietary investment products. To help our IFAs meet their clients' needs with suitable options, we have relationships with many industry leading providers of investment and insurance products. We have sponsorship agreements with some manufacturers of fixed and variable annuities and mutual funds that, subject to the survival of certain terms and conditions, may be terminated upon 30 days' notice. If we lose our relationships with one or more of these manufacturers, our business, results of operations, cash flows or financial condition may be materially and adversely affected.

A change in our clearing service bureau relationship could adversely affect our business, results of operations, cash flows or financial condition.

We have used Thomson's Beta Systems as our clearing service bureau since 2000. If we had to change the clearing service bureau we use, we would experience a disruption to our business. Although we believe we have the resources to make such a transition with minimal disruption, we cannot predict the costs and time for a conversion to a new system. There cannot be any assurance that the disruption caused by a change in our clearing service bureau relationship would not have a material adverse affect on our business, results of operations, cash flows or financial condition.

Changes in U.S. federal income tax law could make some of the products distributed by our IFAs less attractive to clients.

Some of the products distributed by our IFAs enjoy favorable treatment under current U.S. federal income tax law. Changes in U.S. federal income tax law could make some of these products less attractive to clients and could have a material adverse affect on our business, results of operations, cash flows or financial condition.

Failure to comply with ERISA regulations could result in penalties against us.

We are subject to the Employee Retirement Income Security Act of 1974, or ERISA, and to regulations promulgated thereunder, insofar as we act as a "fiduciary" under ERISA with respect to benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, prohibit specified transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. Our failure to comply with these requirements could result in significant penalties against us that could have a material adverse effect on our business, results of operations, cash flows or financial condition (or, in a worst case, severely limit the extent to which we could act as fiduciaries for any plans under ERISA).

Our substantial indebtedness could adversely affect our financial health and may limit our ability to use debt to fund future capital needs.

We have a significant amount of indebtedness. At December 31, 2006, we had total indebtedness of $1.34 billion.

Our substantial indebtedness could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

Furthermore, if an event of default were to occur with respect to our credit agreement or other indebtedness, our creditors could, among other things, accelerate the maturity of our indebtedness.

Our ability to make scheduled payments on or to refinance indebtedness obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control.

We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful or feasible. Our credit agreement restricts our ability to sell assets. Even if we could consummate those sales, the proceeds that we realize from them may not be adequate to meet any debt service obligations then due.

In addition, as a result of reduced operating performance or weaker than expected financial condition, rating agencies may downgrade our senior subordinated notes, which would adversely affect the value of our common shares.

We will be able to incur additional indebtedness or other obligations in the future, which would exacerbate the risks discussed above.

Our senior secured credit agreement permits us to incur additional indebtedness. Although the amended and restated credit agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prevent us from incurring obligations that do not constitute “indebtedness” as defined in the amended and restated credit agreement. To the extent new debt or other obligations are added to our currently anticipated debt levels, the substantial indebtedness risks described above would increase. We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Restrictions under certain of our indebtednesses may prevent us from taking actions that we believe would be in the best interest of our business.

Certain of our indebtedness contain customary restrictions on our activities, including covenants that restrict us from:

- incurring additional indebtedness or issuing disqualified stock or preferred stock;
- paying dividends on, redeeming or repurchasing our capital stock;
- making investments or acquisitions;
- creating liens;
- selling assets;
- restricting dividends or other payments to us;
- guaranteeing indebtedness;
- engaging in transactions with affiliates; and
- consolidating, merging or transferring all or substantially all of our assets.

We are also required to meet specified financial ratios. These restrictions may prevent us from taking actions that we believe would be in the best interest of our business. Our ability to comply with these restrictive covenants will depend on our future performance, which may be affected by events beyond our control. If we violate any of these covenants and are unable to obtain waivers, we would be in default under the applicable agreements and payment of the indebtedness could be accelerated. The acceleration of our indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross—default or cross—acceleration provisions. If our indebtedness is accelerated, we may not be able to repay that indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our indebtedness is in default for any reason, our business, results of operations, cash flows and financial condition could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the common stock and may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions.

Risk Factors Related to Our Bonus Credits and Our Common Stock

The bonus credits are subject to several restrictions, including, without limitation, no voting rights and restrictions on transfer.

Our bonus credits have no voting rights. The holder of a bonus credit is not entitled to voting rights, unless its bonus credit becomes vested and is converted into shares of our common stock.

The bonus credits are not transferable other than by will or by the laws of descent and distribution upon death of the holder of the bonus credit, unless otherwise permitted by the Board, which has not permitted any transfer of bonus credit to date and will not permit any transfer for the foreseeable future. There is and there will be no market or periodically available process or methodology that would allow holders of bonus credits to receive any consideration or compensation for the bonus credits at any time. In the case of termination of the holder of bonus credit’s agreement with us prior to the final vesting date of such holder’s bonus credits, the unvested bonus credits are automatically forfeited. In the case of termination of the holder of bonus credit’s agreement with us in connection with its retirement from the securities industry at the age of 65 or older, the unvested bonus credits will become vested. However, if the holder ceases to remain retired from the securities industry without our consent, the bonus credits that vested as a result of the retirement and are still outstanding will be immediately forfeited to us.

There is no public market for the common stock, and none is expected to develop.

There is no public market for our common stock, and we do not expect any market to develop. Our common stock is subject to significant restrictions on transfer. In general, our organizational documents grant us a right of first refusal in the event of any proposed voluntary or involuntary transfer of beneficial ownership of any share of our capital stock. In addition, we currently have no plans to register our common stock.

Holdings does not expect to pay dividends on our common stock in the foreseeable future.

Holdings is a holding company with no business operations of its own. As a result, Holdings depends on its operating subsidiaries for cash to make dividend payments. Deterioration in the financial conditions, earnings or cash flow of our significant subsidiaries for any reason could limit or impair their ability to pay cash dividends or other distributions to Holdings. Holdings may also need to contribute additional capital to improve the capital ratios of certain of its subsidiaries, which could also affect the ability of these subsidiaries to pay dividends.

In addition, the terms of certain of the outstanding indebtedness of Holdings' subsidiaries substantially restrict our ability to pay dividends. See "Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Indebtedness." There cannot be any assurance that agreements governing the current and future indebtedness of Holdings or its subsidiaries will permit Holdings or its subsidiaries to provide our common shareholder with sufficient dividends, distributions or loans.

Accordingly, the restrictions above would limit Holdings' ability to make dividend payments to our holders of common stock, and investors must be prepared to rely on sales of their common stock after price appreciation to earn an investment return, which may never occur, particularly in view of our transfer restrictions applicable to our common stock.

Securities laws and regulations regulate the ability of many of our subsidiaries (such as our brokerage subsidiary) to pay dividends or make other distributions. See "Business—Regulation."

Any determination to pay dividends in the future will be made at the discretion of the Board and will depend on our results of operations, cash flows, financial conditions, contractual restrictions, restrictions imposed by applicable law and other factors the Board deems relevant.

The Majority Holders control us and may have conflicts of interest with us or you in the future.

Investment funds associated with or designated by the Majority Holders indirectly own through their ownership in our parent company, approximately 60% of our capital stock, on a fully-diluted basis. Although our executive team has the contractual ability to terminate their employment agreements and receive certain payments if the Majority Holders enter into a transaction our executive team does not approve, the Majority Holders have significant influence over corporate transactions.

Additionally, the Majority Holders are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. One or more of the Majority Holders may also pursue acquisition opportunities that may be complementary to our business and, as a result. those acquisition opportunities may not be available to us. So long as investment funds associated with or designated by the Majority Holders continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Majority Holders will continue to be able to strongly influence or effectively control our decisions.

If we are unable to receive shareholder consent we may not be able to amend our certificate of incorporation prior to conducting an initial public offering of our common stock, which will have an adverse effect on our ability to consummate an initial public offering.

We anticipate that we will need to amend our certificate of incorporation prior to conducting an initial public offering. We cannot assure you that we will be able to obtain the requisite shareholder approval to amend our certificate of incorporation. If we are unable to obtain the requisite approval, it will have an adverse effect on our ability to consummate an initial public offering. We also cannot assure you which provisions of our certificate of incorporation will be amended, but they may be changes that would have an adverse effect on you as a stockholder.

In addition, we currently do not meet the listing requirements of either the New York Stock Exchange or the NASDAQ with respect to various governance requirements and will have to make various changes to our governance procedures prior to seeking any such listing. It is possible that we may not be successful in listing our common stock on a national stock exchange in case we decide conduct an initial public offering, in which our ability to consummate such initial public offering would be adversely affected.

Future issuances or sales of our securities in the public market could cause our stock price to fall.

We may issue securities in the public market in the future and may do so in a manner that results in substantial dilution for our stockholders. In addition, we may issue debt from time to time that ranks in preference to our common stock in the event of a liquidation or winding up or that is secured by an interest in some or all of our assets. Sales of common stock by existing stockholders in the public market, our issuances of new securities or debt, or the expectation that any of these events might occur could materially and adversely affect the market price of our common stock.

If our stock price fluctuates, your bonus credits could lose a significant part of their value.

The price of our stock, and therefore the value of our bonus credit, may be influenced by many factors, some of which are beyond our control, including those described above under "—Risks Related to Our Business" and the following:

· our dependency on our ability to attract and retain experienced and productive FAs;

· our ability to successfully integrate acquisitions;

· the economy and financial markets, including changes to interest rates;

· the performance of the investment products and services our IFAs and our financial institutions recommend or distribute;

· the competitive nature of our business;

· the regulated nature of our business;

· the failure to comply with regulatory capital requirements;

· the failure to maintain adequate errors and omissions insurance coverage;

- the misconduct and errors by our employees and our IFAs;
- our potential financial exposure resulting from errors in the securities settlement process;
- the failure of our risk management policies and procedures to fully mitigate our risk exposure in all market environments or against all types of risks;
- the vulnerability of our networks to security risks;
- the failure to maintain technological capabilities, the difficulties in upgrading our technology platform or the introduction of a competitive platform;
- the disruption of our disaster recovery plans and procedures in the event of a catastrophe;
- our ability to recruit and retain qualified employees;
- our dependency on key senior management personnel;
- the loss of any or all of our marketing relationships with manufacturers of investment products;
- our ability to execute on our business strategy; and
- our reliance on our clearing service bureau.

Even factors that do not specifically relate to our company may materially reduce the price of our common stock, regardless of our operating performance.

Provisions of our senior secured credit agreement could discourage an acquisition of us by a third party.

Certain provisions of our credit agreement could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a change of control, all indebtedness under our credit agreement may be accelerated and become due.

Anti-takeover provisions of our certificate of incorporation and bylaws may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable.

Provisions of our certificate of incorporation and bylaws could deter, delay or prevent a third-party from acquiring us, even if doing so would benefit our stockholders. These provisions include:

- staggered board of directors;
- the absence of cumulative voting in the election of directors;
- limitations on who may call special meetings of stockholders; and
- advance notice requirements for stockholder proposals.

ITEM 2. FINANCIAL INFORMATION

Selected Financial and Other Data

The following table sets forth our selected historical financial information as of and for the periods presented. The selected historical data for the years ended December 31, 2004 to 2006 have been derived from our audited historical consolidated financial statements and related notes included elsewhere in this registration statement. The selected historical data for the years ended December 31, 2002 and 2003 have been derived from our audited historical consolidated financial statements and related notes not included in this registration statement. The selected historical financial information presented below should be read in conjunction with the information included under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical consolidated financial statements and related notes included elsewhere in this registration statement. The following financial data are not necessarily indicative of the results to be expected for the full year or any future period.

	For the Year Ended December 31,				
	2006	2005	2004	2003	2002
	(in thousands)				
Consolidated statements of income data:					
Revenue:					
Commissions	$ 890,489	$ 744,939	$ 640,128	$ 521,940	$ 448,049
Advisory	521,058	399,363	301,090	209,536	193,751
Asset based fees	147,364	107,726	89,561	68,631	59,012
Transaction and other fees	134,496	125,844	104,168	87,850	75,875
Interest income	28,402	17,719	12,829	10,822	12,704
Other	18,127	11,705	9,609	10,289	7,403
Total revenues	1,739,936	1,407,296	1,157,385	909,068	796,794
Expenses:					
Production expenses	1,231,105	999,301	821,688	643,396	565,444
Compensation and benefits	137,401	142,372	127,997	98,306	90,075
General & administrative	120,891	116,943	92,725	75,482	59,830
Depreciation & amortization	65,348	17,854	15,798	12,014	8,440
Other	4,921	12,712	29,826	35,446	13,462
Total non-interest expenses	1,559,666	1,289,182	1,088,034	864,644	737,251
Interest expense from operations	301	976	1,447	1,464	595
Interest expense from senior credit facilities and subordinated notes	125,103	1,388	—	—	—
Total expenses	1,685,070	1,291,546	1,089,481	866,108	737,846

Income from continuing operations before income taxes	54,866	115,750	67,904	42,960	58,948
Provision for income taxes	21,224	46,461	32,552	26,598	23,052
Income from continuing operations	33,642	69,289	35,352	16,362	35,896
Loss from discontinued operations	—	(26,200)	—	—	—
Net income	$ 33,642	$ 43,089	$ 35,352	$ 16,362	$ 35,896

	As of December 31,				
	2006	2005	2004	2003	2002
	(in thousands, except otherwise indicated)				
Consolidated Statements of financial condition data:					
Cash and equivalents	$ 245,163	$ 134,592	$ 113,439	$ 147,515	$ 129,782
Receivables	468,170	377,932	302,584	240,481	217,374
Fixed assets, net	121,594	134,764	63,035	70,268	61,986
Total assets	2,797,544	2,638,486	606,145	556,446	465,170
Bank loans payable	—	—	25,049	30,855	29,236
Notes payable	1,344,375	1,345,000	—	—	—
Drafts payable	104,344	88,230	86,080	65,911	69,185
Payable to customers	294,574	195,106	149,882	143,899	105,013
Total liabilities	2,170,662	2,050,062	408,894	353,321	278,778
Total shareholders' equity	626,882	588,424	197,251	203,125	186,392

	As of and For the Year Ended December 31,				
	2006	2005	2004	2003	2002
Other financial and operating data:					
Gross margin	$ 508,831	$ 407,995	$ 335,697	$ 265,672	$ 231,350
Number of advisors (#)	7,006	6,481	5,843	5,036	4,369
Capital Expenditures	23,038	19,424	14,336	20,362	35,654

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Statements made in this document, other than statements of historical information, are forward-looking statements that are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may sometimes be identified by words such as "believe," "expect," "may," "looking forward," "we plan," "could," or "anticipate." Although we believe these statements to be true and reasonable at the time they are made, we can give no assurance that these plans, expectations, or beliefs will be achieved. Important factors that could cause actual results to differ materially from our forward-looking statements are set forth under the heading "Factors That May Affect Future Operating Results." We do not undertake to update any forward-looking statements that may be made.

Our Business

We are a leading provider of technology and back-office infrastructure to FAs. We provide access to a broad array of financial products and services for our IFAs to market to their clients, as well as a comprehensive technology and service platform to enable our IFAs to more efficiently operate their practices. Our strategy is to build long-term relationships with our IFAs by offering innovative technologies and high-quality services that will enable them to nurture and grow their client base.

Our revenues are primarily derived from commissions and fees from products and advisory services offered by our IFAs to their clients, a substantial portion of which we pay to our IFAs. Furthermore, we also receive fees from product manufacturers as well as various administrative fees from our IFAs and their clients for the use of our proprietary technology and service platform.

We offer our wide range of services through four complementary business segments: Independent Financial Advisors, Trust Services, Mortgage Services, Insurance Services, and Affiliated Advisory Services. Together, our business segments offer our IFAs access to a brokerage platform of non-proprietary, best-of-breed products for their clients, including fixed and variable annuities, mutual funds, life insurance, alternative investments and mortgages, as well as full-service stock and bond trading.

Our Independent Financial Advisors segment offers our IFAs access to a brokerage platform of non-proprietary, best-of-breed products for their clients, including fixed and variable annuities, mutual funds and alternative investments, as well as full-service stock and bond trading. The Independent Financial Advisors segment also provides our IFAs with a fee-based advisory platform that enables them to build comprehensive, customized portfolios of investments for their clients. In addition, our Independent Financial Advisors segment provides our IFAs with a comprehensive array of infrastructure support and services, including trade processing and clearing automated portfolio rebalancing, proprietary advisor software (BranchNet), independent research, a client centric service center, training programs and compliance support. Our Trust Services segment enables our IFAs to assist their clients with management of intergenerational wealth transfers. The Mortgage Services segment provides comprehensive mortgage services for the residential properties of our IFAs' clients. Our Insurance Services segment provides our IFAs with access to a broad range of life, disability and long-term care products provided by multiple carriers. Finally, our Affiliated Advisory Services Segment offers a private labeled investment advisory platform for customers of financial advisors working for other financial institutions.

For reporting purposes under accounting principles generally accepted in the United States of America ("GAAP"), we have two segments:

· Independent Financial Advisors, and

· Other.

Our Independent Financial Advisors segment includes the results of our primary operating subsidiary, Linsco, a regulated broker-dealer. For the year ended December 31, 2006, this segment comprised more than 98% of our consolidated revenues. Our Other segment consists of our remaining operating segments and includes the results of our remaining operating subsidiaries: PTC, Innovex, Linsco/Private Ledger Insurance Associates, Inc., and IAG.

Our business model, together with our scale, allows us to gain significant recurring revenue. Between 2004 and 2006, our recurring revenues were 54%, 59% and 62%, respectively, of overall revenue. This recurring revenue comes from advisory fees charged to clients, asset-based fees, 12b-1 fees, fees related to our cash sweep programs, interest earned on margin accounts and technology and service fees charged to our IFAs.

We view our principal channels as the IFA channel and the Third-Party Services channel. In the IFA channel, we provide our services directly to IFAs. In the Third-Party Services channel, we contract with financial institutions who in turn permit us to offer our services to their financial advisors.

The Company was acquired through a leveraged merger transaction on December 28, 2005. Activities as of December 28, 2005 and for the prior periods are for those of the predecessor company. Due to the immaterial amounts between the period December 28, 2005 and December 31, 2005, all operations and cash flows for calendar year 2005 are considered to be those of the predecessor company's financial results.

EBITDA

Management uses EBITDA (unaudited) to measure operating performance. EBITDA is defined as income (loss) before minority interest earnings and cumulative change in accounting plus interest, taxes, depreciation and amortization. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Management believes EBITDA is helpful in highlighting trends because EBITDA excludes the results of decisions that are outside the control of operating management and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. In addition, EBITDA provides more comparability between our historical results and results that reflect purchase accounting and the new capital structure. Management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, these presentations of EBITDA may not be comparable to other similarly titled measures of other companies. Adjusted EBITDA (unaudited) is defined as EBITDA further adjusted to exclude non-cash share based compensation expense calculated in accordance with GAAP. We believe that the inclusion of a supplementary adjustment to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about certain material non-cash items that we believe do not reflect our operating performance.

Set forth below is our EBITDA and Adjusted EBITDA for the years ended December 31, 2004, 2005 and 2006 and a reconciliation of EBITDA to income from continuing operations, the most closely analogous GAAP measure:

	Year Ended December 31,		
	2006	2005	2004
	(in thousands)		
Income from continuing operations	$ 33,642	$ 69,289	$ 35,352
Interest expense(1)	125,103	1,388	—
Income tax expense	21,224	46,461	32,552
Depreciation and amortization	65,348	17,854	15,798
EBITDA	245,317	134,992	83,702
Non-cash share based compensation expense	2,878	8,807	20,463
Adjusted EBITDA	$ 248,195	$ 143,799	$ 104,165

(1) Interest expense excludes interest incurred for brokerage and mortgage lending operations.

Factors That May Affect Future Operating Results

The following factors may affect our financial performance:

Recruitment and Development of Financial Advisors

Our revenues are impacted by our ability to grow our existing IFAs' businesses and to continue to grow the number of our licensed IFAs and financial institutions who employ financial advisors.

· *Mature advisor growth.* Growth from mature IFAs represents the growth in commission and advisory revenues of IFAs who have been licensed with us for three or more years. In addition, we have been successful at retaining our most productive IFAs.

· *Sales growth from newly recruited IFAs.* We typically recruit experienced IFAs who were previously licensed with other broker-dealers and have established client bases of their own. As a result, newly recruited IFAs are initially focused on transitioning client assets from their prior firms to us. We expect newly recruited IFAs to return to the approximate production levels they achieved with their prior firms within three years of joining us. As a result, a portion of our near-term revenue growth in a given year is driven by the size of the recruiting classes of the prior two years. For example, the recruiting classes of 2004 and 2005 contributed to revenue growth in 2006.

Recurring Revenue

One of our core strategic objectives is to earn an increasing share of our revenues from recurring sources. Our recurring revenues include advisory fees charged to clients, 12b-1 fees, asset-based fees, fees related to our cash sweep programs, interest earned on margin accounts and technology and service fees charged to our IFAs. We believe these revenue sources are more stable and less dependent on market conditions than transaction-related commissions.

In addition, the stability of our business is further enhanced by our limited reliance on margin lending. Our interest from margin lending represented only 1.3%, 1.0%, and 1.0%, respectively, of our total revenues for the years ended December 31, 2006, 2005, and 2004. Furthermore, we have experienced no losses from write-offs of margin loans over the past five years.

The table below shows the recurring revenue components of our significant revenue categories for the periods indicated below:

	% of Total Revenue Year Ended December 31,		
	2006	2005	2004
Advisory fee revenue	30.0%	28.4%	26.0%
12b-1 fee revenue	10.7%	10.4%	9.6%
Asset-based fee revenue	8.5%	7.7%	7.8%
Fee revenue	5.4%	5.9%	5.0%
Variable and group trail and life insurance renewal revenue	5.2%	4.8%	4.1%
Margin interest and other revenue	1.7%	1.6%	1.6%
Total recurring revenue	61.5%	58.8%	54.1%

Scale of Operations

As the size of our financial advisor base continues to expand, we will seek to further consolidate our buying power and lower our IFAs and our costs. With our increasing scale, we have an enhanced ability to economically invest in technology and broaden our value added services more efficiently across our financial advisor base. If successful, we expect to increase our profit margins, as well as those of our IFAs.

General Economic and Market Factors

Our financial results are influenced by the willingness or ability of our IFAs clients to maintain or increase their investment activities in the financial products offered by our IFAs. As a result, general economic and market factors can affect our commission and fee revenue. The performance of our business is correlated with the economy and financial markets, and a slowdown or downturn in the economy or financial markets could adversely affect our business, results of operations, cash flows or financial condition.

Significant Events & Acquisitions

We have made and will continue to consider acquisitions to supplement our organic growth. We intend to strengthen our position in the industry through additional strategic acquisitions and we believe that these acquisitions will enhance our ability to increase the number of IFAs as well as broaden our portfolio of products. Future acquisitions may be funded through the issuance of debt, existing cash, equity securities or a combination thereof.

Subsequent Events

On March 2, 2007, we entered into a definitive agreement with an insurance company to acquire all of the outstanding equity of three of its broker-dealers for approximately $97.10 million. We expect to finance a portion of the purchase price with the issuance of additional debt on our existing credit facility. This transaction is expected to close promptly following receipt of regulatory approvals and satisfaction of customary closing conditions. We anticipate making a 338(h)(10) election for the transaction, which will allow us to treat the stock purchase as an asset purchase for tax purposes.

On February 8, 2007, Moody's rating service announced that it raised our corporate family rating to 'B1' with a positive outlook, from 'B2' stable. As a result of the upgrade, we received a step-down of 0.25% in the applicable interest rate margin for the senior secured term loan facility of our senior secured credit facilities, reducing the applicable interest rate margin for Eurodollar rate borrowings under such facility from 2.75% to 2.50%.

On January 2, 2007, we acquired all of the outstanding stock of UVEST, which provides independent non-proprietary third-party brokerage services to financial institutions, for approximately $79.60 million in cash and $10.81 million in shares of our common stock. We financed $50.00 million of the purchase price with borrowings under our senior secured term loan facility. We anticipate making a 338(h)(10) election for the transaction, which will allow us to treat the stock purchase as an asset purchase for tax purposes. On January 29, 2007, we made an additional capital contribution of $1.50 million to fund working capital.

Significant Events in 2005

On December 28, 2005, LPL Holdings, Inc. ("LPLH") and subsidiaries was acquired through a merger transaction with BD Acquisition Inc., a wholly owned subsidiary of Holdings (previously named BD Investment Holdings, Inc.). LPLIH was formed by investment funds affiliated with TPG Partners IV, L.P. and Hellman & Friedman Capital Partners V, L.P. The acquisition was accomplished through the merger of BD Acquisition, Inc. with and into LPLH with LPLH being the surviving entity (the "Acquisition"). As a result of the Acquisition, LPLH became a wholly owned subsidiary of LPLIH.

The Company refers to the above transactions, the Acquisition and the payment of any costs related to these transactions collectively herein as the "Transaction".

In connection with the Transaction, we incurred significant additional indebtedness, including $550.0 million aggregated principal amount of notes and $795.00 million of borrowing under our senior secured credit facility. As a result of this additional indebtedness, we incurred significant amounts of ongoing interest costs. As a result of the Transaction, we also recorded significant amounts of intangible assets and additional basis in fixed assets (see Note 3 to the consolidated financial statements), which result in ongoing amortization and depreciation expenses. These ongoing expenses along with the significant debt issuance, legal, accounting, and stock option costs are not directly comparable to similar costs incurred prior to the Transaction.

On October 27, 2005, we sold all of our interests in GPA. The results of GPA's operations have been consolidated with ours since January 1, 2005 according to accounting rules for variable interest entities. Due to the unusual and infrequent nature of this transaction, the operating results and financial position of GPA have been presented as "Discontinued Operations" in our consolidated financial statements.

During the fourth quarter of 2005, we determined that the goodwill related to Innovex was impaired. Such determination was based on its continued losses, and lower than anticipated revenue growth. Accordingly, we recorded a charge of $3.16 million to reduce the carrying value of its existing goodwill to our estimated fair value of zero.

On August 2, 2005, we sold transportation assets, repaid a related bank loan, and ceased certain activities conducted by our wholly owned subsidiary, Glenoak, LLC.

Significant Events in 2004

In June 2004, we completed the acquisition of a Innovex, a mortgage company which provides comprehensive mortgage services for the residential properties of our IFAs' clients. Innovex enables our IFAs to build relationships by offering their clients mortgage solutions by originating, underwriting and funding a variety of mortgage and home equity loan products to suit the needs of the borrowers. Through Innovex, we provide mortgage brokerage and lending services in 46 states. Innovex either originates residential mortgage loans internally through a warehouse line of credit facility or externally as a broker for other banks. We have an agreement with certain third party financial institutions to purchase loans originated internally as long as they meet certain criteria, generally within 30 days from funding.

In June 2004, the Company completed an acquisition of a broker-dealer, a brokerage general agency, as well as certain assets and rights of another broker-dealer. These acquisitions provide Linsco with strategic service and recruiting relationships to IFAs of those entities, as well as access to an affiliated brokerage general agency for insurance products. As a result of this acquisition, approximately 300 IFAs transferred to Linsco. We now operate the brokerage general agency under the name Linsco/Private Ledger Insurance Associates, Inc. The acquired broker-dealer was subsequently dissolved.

Critical Accounting Policies

Our discussion and analysis of our operating results as presented in the above tables are based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Note 2 to our consolidated financial statements for the year ended December 31, 2006 contains a summary of our critical accounting policies, many of which make use of estimates and assumptions. We believe that of our critical accounting policies, the following are noteworthy because they are based on estimates and assumptions that require complex, subjective judgments that can materially impact reported results. Changes in these estimates or assumptions could materially impact our financial condition and results of operation.

Commission Revenues and Expenses

We record commissions received from mutual funds, annuity, insurance, equity, fixed income, direct investment, option and commodity transactions on a trade-date basis. Commissions also include mutual fund and variable annuity trails, which are recognized as earned. Due to the significant volume of mutual fund and variable annuity purchases and sales transacted by IFAs directly with product manufacturers, management must estimate a portion of its upfront commission and trail revenues for each accounting period for which the proceeds have not yet been received. These estimates are based primarily on the volume of transactions in previous periods as well as cash receipts in the current period. Because we record commissions payable based upon standard payout ratios for each product as it accrues for commission revenue, any adjustment between actual and estimated commission revenue will be offset in part by the corresponding adjustment to commission expense.

Legal Reserves

We record reserves for legal proceedings in accounts payable and accrued liabilities in our consolidated statements of financial condition. The determination of these reserve amounts requires significant judgment on the part of management. Management considers many factors including, but not limited to, the amount of the claim, the amount of the loss in the client's account, the basis and validity of the claim, the possibility of wrongdoing on the part of an IFA, likely insurance coverage, previous results in similar cases, and legal precedents and case law. Each legal proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded as professional services in our consolidated statements of income.

Valuation of Goodwill and Other Intangibles

Goodwill represents the cost of acquired companies in excess of the fair value of net tangible assets at acquisition date. In accordance with Statements of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, goodwill is not amortized, but tested annually for impairment, or more frequently if certain events having a material impact on our value occur.

Intangible assets, which consist of relationships with IFAs, are amortized over their estimated useful lives. We evaluate the remaining useful lives of other intangible assets each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible

assets are tested for potential impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable in accordance with SFAS No. 144, *Accounting for the Impairment of Disposal of Long-Lived Assets.* An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the estimated fair value is less than the corresponding carrying value.

Income Taxes

In preparing the financial statements, we estimate the income tax expense based on the various jurisdictions where we conduct business. We must then assess the likelihood that the deferred tax assets will be realized. A valuation allowance is established to the extent that it is more likely than not that such deferred tax assets will not be realized. When we establish a valuation allowance or modify the existing allowance in a certain reporting period, we generally record a corresponding increase or decrease to tax expense in the statements of income. Management makes significant judgments in determining the provision for income taxes, the deferred tax assets and liabilities and any valuation allowances recorded against the deferred tax asset. Changes in the estimate of these taxes occur periodically due to changes in the tax rates, changes in the business operations, implementation of tax planning strategies, resolution with taxing authorities of issues where we have previously taken certain tax positions and newly enacted statutory, judicial and regulatory guidance. These changes, when they occur, affect accrued taxes and can be material to our operating results for any particular reporting period.

We evaluate all available evidence about asserted and unsettled income tax contingencies and unasserted income tax contingencies caused by uncertain income tax positions taken in our income tax returns filed with the Internal Revenue Service and state and local tax authorities. Contingencies we believe are estimable and probable of payment, if successfully challenged by such tax authorities, are accrued for under the provisions of SFAS No. 5, *Accounting for Contingencies.* Refer to "Recent Accounting Pronouncements" for our discussion of accounting for uncertainty of income taxes.

Valuation and Accounting for Financial Derivatives

We periodically use financial derivative instruments, such as interest rate swaps, to protect us against changing market prices or interest rates and the related impact to our assets, liabilities, or cash flows. We also evaluate our contracts and commitments for terms that qualify as embedded derivatives. All derivatives are reported at their corresponding fair value in our consolidated statements of financial condition.

Financial derivative instruments expected to be highly effective hedges against changes in cash flows are designated as such upon entering into the agreement. At each reporting date, we reassess the effectiveness of the hedge to determine whether or not it can continue to use hedge accounting. Under hedge accounting, we record the increase or decrease in fair value of the derivative, net of tax impact, as other comprehensive income or losses. If the hedge is not determined to be a perfect hedge, yet still considered highly effective, we will calculate the ineffective portion and record the related change in its fair value as additional interest income or expense in the consolidated statements of income. Amounts accumulated in other comprehensive income are generally reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings.

Share-Based Compensation

On January 1, 2006, we adopted SFAS 123R (Revised), *Share Based Payments*, ("SFAS 123R"). SFAS 123R requires the recognition of the fair value of share-based compensation in net income. We recognize share-based compensation expense over the requisite service period of the individual grants, which generally equals the vesting period. Prior to January 1, 2006, we accounted for employee equity awards

using Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, ("APB 25") and related interpretations in accounting for share-based compensation. We adopted the provisions of SFAS 123R using the prospective transition method, whereby we will continue to account for nonvested equity awards to employees outstanding at December 31, 2005 using APB 25, and apply SFAS 123R to all awards granted or modified after that date.

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities in effect at the time of the grant with remaining terms equivalent to the respective expected terms of the options. We elected to use the shortcut approach in accordance with SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to develop the estimate of the expected term. Expected volatility is calculated based on companies of similar growth and maturity and our peer group in the industry in which we do business because we do not have sufficient historical volatility data. We will continue to use peer group volatility information until our historical volatility is relevant to measure expected volatility for future option grants. The dividend yield of zero is based on the fact that we have no present intention to pay cash dividends. In the future, as we gain historical data for volatility in our stock and the actual term over which employees hold its options, expected volatility and the expected term may change, which could substantially change the grant-date fair value of future awards of stock options and, ultimately, compensation recorded on future grants.

We assumed an annualized forfeiture rate of 0.27% for our options based on a combined review of industry and employee turnover data, as well as an analytical review performed of historical pre-vesting forfeitures occurring over the previous year. Under the true-up provisions of SFAS 123R, we will record additional expense if the actual forfeiture rate is lower than estimated, and will record a recovery of prior expense if the actual forfeiture is higher than estimated.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no restrictions and are fully transferable and negotiable in a free trading market. This model does not consider the employment, transfer or vesting restrictions that are inherent in our employee stock options. It also includes highly subjective assumptions based on long-term predictions and the average life of each unit and stock option grant. Because our share-based payments have characteristics significantly different than those of freely traded options, and because changes in the subjective input assumptions can materially affect the output produced by the model, it and or other existing valuation models may not be reliable single measures of the fair values of our share-based payments.

Operating Results for The Year Ended December 31, 2006 Compared With The Year Ended December 31, 2005

	Year Ended December 31,			
	2006	2005	$ Change	% Change

	(in thousands)			
Revenues				
Commissions	$ 890,489	$ 744,939	$ 145,550	19.5%
Advisory fees	521,058	399,363	121,695	30.5%
Asset-based fees	147,364	107,726	39,638	36.8%
Transaction and other fees	140,895	125,844	15,051	12.0%
Other	40,130	29,424	10,706	36.4%
Total revenues	**1,739,936**	**1,407,296**	**332,640**	**23.6%**
Expenses				
Production	1,231,105	999,301	231,804	23.2%
Compensation and benefits	137,401	142,372	(4,971)	(3.5)%
General and administrative	120,891	116,943	3,948	3.4%
Depreciation and amortization	65,348	17,854	47,494	266.0%
Other	4,921	12,712	(7,791)	(61.3)%
Total non-interest expenses	**1,559,666**	**1,289,182**	**270,484**	**21.0%**
Interest expense from operations	301	976	(675)	(69.2)%
Interest expense from senior credit facilities and subordinated notes	125,103	1,388	123,715	8913.2%
Total expenses	**1,685,070**	**1,291,546**	**393,524**	**30.5%**
Income from continuing operations before income taxes	**54,866**	**115,750**	**(60,884)**	**(52.6)%**
Provision for income taxes	**21,224**	**46,461**	**(25,237)**	**(54.3)%**
Income from continuing operations	**33,642**	**69,289**	**(35,647)**	**(51.4)%**
Loss from discontinued operations	—	(26,200)	26,200	n/a
Net income	**$ 33,642**	**$ 43,089**	**$ (9,447)**	**(21.9)%**

Our income from continuing operations before income taxes for the year ended December 31, 2006 was $54.87 million, down 52.6% from $115.75 million for the year ended December 31, 2005. The decrease was primarily due to $123.72 million of additional interest expense from senior secured credit facilities and $47.37 million of additional depreciation and amortization expense primarily attributable to the Transaction. Excluding the additional interest expense and additional depreciation and amortization expense resulting from the Transaction (as discussed in the previous sentence), our pre-tax income increased $110.20 million, or 93.7%, to $227.86 million for the year ended December 31, 2006, compared with $117.66 million for the year ended December 31, 2005. These earnings were primarily driven by strong revenue growth. We achieved total revenue growth of $332.64 million or 23.6% for the year ended December 31, 2006 compared to the corresponding period in the prior year. The increase in revenue was mainly driven by continued growth among mature IFAs (an advisor who has been with LPL at least three years), growth among recently recruited IFAs, and an 8.1% net increase in the number of overall IFAs. The operating results for the year ended December 31, 2005 also include the discontinued operations of our variable interest entities, GPA Group, Inc. and Global Portfolio Advisors, Ltd. (collectively referred to as "GPA"). We sold our investment in GPA on October 27, 2005 (See Notes 6 and 12).

The following table sets forth certain amounts included in our consolidated statements of income for the periods indicated.

	Year Ended December 31,			
	2006	% of Total	2005	% of Total
Commision revenue by product category (in millions)				
Annuities	$ 383.99	43.1%	$ 299.81	40.2%
Mutual funds	309.18	34.7%	265.97	35.7%
Equities	61.01	6.9%	57.69	7.8%
Alternative investments	59.22	6.7%	54.66	7.3%
Insurance	47.30	5.3%	38.18	5.1%
Fixed income	28.66	3.2%	25.82	3.5%
Other	1.13	0.1%	2.81	0.4%
Total commission revenue	**$ 890.49**	**100.0%**	**$ 744.94**	**100.0%**

Revenue

Summary. In addition to the explanations provided below, in each case, the increase in revenue was mainly driven by continued sales growth reflecting a 15% increase in mature IFAs production as well as the addition of new IFAs. Our overall IFA base increased from 6,481 to 7,006, or 8.1%, from December 31, 2005 to December 31, 2006, respectively.

- *Commission revenue*. Commission-based revenues represent the gross commissions generated by our IFAs, primarily from commissions earned on the sale of various products such as fixed and variable annuities, mutual funds, general securities, alternative investments and insurance. We also earn trailing commission type revenues (such as 12(b)-1 fees) on mutual funds and variable annuities held by clients of our IFAs. Trail commissions are recurring in nature and are earned based on the current market value of previously purchased investments.

  Commission revenue increased $145.55 million, or 19.5%, to $890.49 million for the year ended December 31, 2006 compared to $744.94 million for the year ended December 31, 2005, led primarily by increases in commissions on the sale of annuities and mutual funds. Commission revenues from the sale of annuities and mutual funds grew $127.39 million or 22.5% during the year ended December 31, 2006.

- *Advisory fees*. Advisory fee revenues represent fees charged by us and our IFAs, to clients based on the value of assets under management.

  Advisory fees increased $121.70 million, or 30.5%, to $521.06 million for the year ended December 31, 2006, compared with $399.36 million for the year ended December 31, 2005. This increase was primarily due to a 15% increase in mature IFAs and a trend among our IFAs to provide a higher percentage of fee-based advisory services to their clients. Consequently, this trend is driving an increase in recurring revenues as a percentage of total

revenue. Advisory revenue as a percentage of commission and advisory revenue was 36.9% for the year ended December 31, 2006 as compared to 34.9% for the year ended December 31, 2005.

· *Asset-based and other product fees*. Asset-based and other product fees are comprised of the following:

Fees from cash sweep vehicles. Pursuant to contractual arrangements, uninvested cash balances in client accounts are swept into either third-party money market funds or deposit accounts at various banks, for which we receive fees, including administrative and record keeping fees based on account type and the invested balances.

Sponsorship fees. We receive fees from certain product manufacturers in connection with programs that support our marketing and sales-force education and training efforts.

Sub-transfer agency fees. We earn fees on mutual fund assets for which we provide administrative and recordkeeping services as a sub-transfer agent.

Networking fees. Our networking fees represent fees paid to us by mutual fund and annuity product manufacturers in exchange for administrative and recordkeeping services that we provide to clients of our IFAs. Networking fees are correlated to the number of positions we administer, not the value of assets under administration.

Asset-based and other product fees increased $39.64 million, or 36.8%, to $147.36 million for the year ended December 31, 2006, compared with $107.73 million for the year ended December 31, 2005. The increase was led by a $21.73 million, or 50.4%, increase in fees from our cash sweep vehicles primarily attributable to increased customer balances.

· *Transaction and other fees*. Revenues earned from transaction and other fees primarily consist of the following categories:

Transaction fees and ticket charges. We charge fees for executing transactions in fee-based advisory client accounts. We also charge ticket charges to our IFAs for executing brokerage transactions.

Subscription fees. We earn subscription fees for the software and technology services that we provide to our IFAs.

IRA custodian fees. We earn fees for the IRA custodial services we provide on client accounts.

Financial advisor contract and license fees. We earn monthly administrative fees from all IFAs licensed with us. We also charge IFAs regulatory licensing fees.

Conference fees. We charge product manufacturers fees for participating in our training and marketing conferences for our IFAs.

Small/inactive account fees. We charge fees for services related to client accounts that fail to meet certain specified thresholds of size or activity.

Transaction and other fees increased $15.05 million, or 12.0%, to $140.90 million for the year ended December 31, 2006, compared with $125.84 million for the year ended December 31, 2005. The increase is attributed primarily to the 8.1% growth in our advisory base and an increase in trade volume. Specifically, our total trade volume increased by 1.3 million, or 25.0%, to 6.5 million for the year ended December 31, 2006 compared to 5.2 million for the year ended December 31, 2005 primarily attributable to an increase in the number of customer accounts.

· *Other revenue.* Other revenue includes marketing re-allowances from certain product manufacturers as well as interest income from client margin accounts and cash equivalents.

Other revenue increased $10.71 million, or 36.4%, to $40.13 million for the year ended December 31, 2006, compared with $29.42 million for the year ended December 31, 2005. This increase was primarily attributed to a $10.68 million increase in interest revenue on our margin accounts and overnight investments, driven by higher interest rates (average effective rates of 5.02% in 2006 vs. 3.11% in 2005) and margin account balances which increased by approximately 25%.

Expenses

· *Production expenses*. Production expenses consist of commissions and advisory fees as well as brokerage, clearing, and exchange fees. We pay out the majority of commissions and advisory fees received from sales or services provided by our IFAs. Substantially all of these pay-outs are variable and are correlated to the revenues generated by each financial advisor.

Production expenses increased $231.80 million, or 23.2%, to $1,231.11 million during the year ended December 31, 2006, compared with $999.30 million for the year ended December 31, 2005. This increase was consistent with the 23.4% increase in total commission and advisory fee revenues.

· *Compensation and benefits*. Compensation and benefits represent compensation-related expenses, including stock-based compensation for our employees, including temporary employees and consultants.

Compensation and benefits decreased $4.97 million, or 3.5%, to $137.40 million for the year ended December 31, 2006, from $142.37 million for the year ended December 31, 2005. The decrease is primarily attributed to a $21.68 million or 88.3% decline in share-based compensation expense (see Note 18 to our consolidated financial statements) primarily resulting from the Transaction. This decrease is partially offset by a $10.53 million or 13.0% increase in payroll, a $3.51 million increase in discretionary bonus and a $2.13 increase in outside personnel. The average number of full-time employees increased by 187, or 17.3%, to 1,269 for the year ended December 31, 2006, compared to 1,082 for the year ended December 31, 2005.

· *General and administrative expenses*. General and administrative expenses include promotional fees, occupancy and equipment, communications and data processing, regulatory fees, and professional services.

General and administrative expenses increased $3.95 million, or 3.4%, to $120.89 million for the year ended December 31, 2006, from $116.94 million for the year ended December 31, 2005. This increase is attributable to increases in equipment, occupancy, promotional and communications

that are primarily attributable with our firm's growth which were offset by approximately $13.86 million of professional fees incurred in the prior year in connection with the Transaction.

· *Depreciation and amortization*. Depreciation expense is related to our capital assets such as office equipment and technology. Amortization expense is primarily related to the amortization of other intangible assets and internally developed software.

Depreciation and amortization expense increased $47.49 million, or 266.0%, to $65.35 million for the year ended December 31, 2006, compared with $17.85 million for the year ended December 31, 2005. This increase was driven by $47.37 million of additional amortization recognized on intangible assets and internally developed software recorded in conjunction with the Transaction.

· *Other expenses*. Other expenses include reimbursement expenses, bank fees and other miscellaneous expenses.

Other expenses decreased $7.79 million, or 61.3%, to $4.92 million for the year ended December 31, 2006, from $12.71 million for the year ended December 31, 2005. Remediation efforts for Class B and Class C mutual fund share transactions (see Note 17 to our consolidated financial statements) resulted in a $2.97 million reduction of costs that had previously been estimated and accrued for. If we were to exclude the reversal of the accrual associated with the remediation efforts, other general expenses would have decreased $4.82 million, or 37.9% primarily reflecting a $3.16 million goodwill impairment charge related to Innovex in the prior year.

· *Interest expenses*. Interest expense includes operating interest expense related to brokerage operations and mortgage lending, and non-operating interest expense for debt coverage related to the Transaction.

Interest expense increased $123.04 million to $125.40 million for the year ended December 31, 2006, compared with $2.36 million for the year ended December 31, 2005. The increase was primarily due to an additional $123.72 million of non-operating interest expense from senior credit facilities and subordinated notes related to the Transaction.

· *Provision for Income Taxes*. Provision for income taxes decreased $25.24 million, or 54.3% to $21.22 million for the year ended December 31, 2006, compared with $46.46 million for the year ended December 31, 2005. The decrease in income tax expense was primarily related to the decrease in pre-tax income from continuing operations over comparable periods. Our effective tax rate for 2006 was 38.7% as compared to 40.1% for 2005. The increased tax rate for 2005 was primarily related to non-deductible Transaction costs.

Operating Results for The Year Ended December 31, 2005 Compared With The Year Ended December 31, 2004

	Year Ended December 31,			
	2005	2004	$ Change	% Change
	(in thousands)			
Revenues				
Commissions	$ 744,939	$ 640,128	$ 104,811	16.4%
Advisory fees	399,363	301,090	98,273	32.6%
Asset-based fees	107,726	89,561	18,165	20.3%
Transaction and other fees	125,844	104,168	21,676	20.8%
Other	29,424	22,438	6,986	31.1%
Total revenues	**1,407,296**	**1,157,385**	**249,911**	**21.6%**
Expenses				
Production	999,301	821,688	177,613	21.6%
Compensation and benefits	142,372	127,997	14,375	11.2%
General and administrative	116,943	92,725	24,218	26.1%
Depreciation and amortization	17,854	15,798	2,056	13.0%
Other	12,712	29,826	(17,114)	(57.4)%
Total non-interest expenses	**1,289,182**	**1,088,034**	**201,148**	**18.5%**
Interest expense from operations	976	1,447	(471)	(32.6)%
Interest expense from senior credit facilities and subordinated notes	1,388	—	1,388	n/a
Total expenses	**1,291,546**	**1,089,481**	**202,065**	**18.5%**
Income from continuing operations before income taxes	**115,750**	**67,904**	**47,846**	**70.5%**
Provision for income taxes	**46,461**	**32,552**	**13,909**	**42.7%**
Income from continuing operations	**69,289**	**35,352**	**33,937**	**96.0%**
Loss from discontinued operations	(26,200)	—	(26,200)	n/a
Net income	**$ 43,089**	**$ 35,352**	**$ 7,737**	**21.9%**

Our income from continuing operations was $69.29 million in 2005, up 96.0% from $35.35 million in 2004. We achieved revenue growth of 21.6% for the year ended December 31, 2005. The increase in revenue was mainly driven by continued sales growth from mature IFAs, growth among recently

recruited IFAs who are returning to their prior levels of production, and a 10.9% net increase in the number of IFAs.

The following table sets forth certain amounts included in our consolidated statements of income for the periods indicated.

	Year Ended December 31,			
Commision revenue by product category (in millions)	**2005**	**% of Total**	**2004**	**% of Total**

Annuities	$ 299.81	40.2%	$ 248.00	38.7%
Mutual funds	265.97	35.7%	230.00	35.9%
Equities	57.69	7.8%	55.90	8.7%
Alternative investments	54.66	7.3%	44.80	7.0%
Insurance	38.18	5.1%	35.00	5.5%
Fixed income	25.82	3.5%	23.40	3.7%
Other	2.81	0.4%	3.03	0.5%
Total commission revenue	**$ 744.94**	**100.0%**	**$ 640.13**	**100.0%**

Revenue

Summary. In addition to the explanations provided below, in each case, the increase in revenue was mainly driven by continued growth from mature IFAs, growth among recently recruited IFAs who are returning to their prior levels of production, and the addition of new IFAs. Specifically, our IFAs grew 10.9% to 6,481 as of December 31, 2005 from 5,843 as of December 31, 2004.

- *Commission revenue*. Commission revenue increased $104.81 million, or 16.4%, to $744.94 million for the year ended December 31, 2005 compared to $640.13 million for the year ended December 31, 2004, led primarily by increases in commissions derived from the sale of annuities and mutual funds. In 2005, annuity commissions grew 20.9% while mutual fund commissions grew 15.7%.
- *Advisory fees*. Advisory fees increased $98.27 million, or 32.6%, to $399.36 million for the year ended December 31, 2005, compared with $301.09 million for the year ended December 31, 2004. This increase was primarily due to the trend among our IFAs towards providing fee-based advisory services to their clients. Advisory revenue as a percentage of commission and advisory revenue was 34.9% for the year ended December 31, 2005 as compared to 32.0% for the same period in 2004.
- *Asset-based and other product fees*. Asset-based and other product fees increased $18.17 million, or 20.3%, to $107.73 million for the year ended December 31, 2005, compared with $89.56 million for the year ended December 31, 2004. This increase was primarily due to a higher percentage of assets held in money market funds, sponsorship program fees, sub-transfer agency fees, and networking fees.
- *Transaction and other fees*. Transaction and other fees increased $21.68 million, or 20.8%, to $125.84 million for the year ended December 31, 2005, compared with $104.17 million for the year ended December 31, 2004. This increase was primarily due to increases in transaction revenue, IRA custodian fees, and technology fees collected from IFAs and conference services revenue.
- *Other revenue.* Other revenue increased $6.99 million, or 31.1%, to $29.42 million for the year ended December 31, 2005, compared with $22.44 million for the year ended December 31, 2004. This increase was primarily due to a $4.89 million increase in interest revenue.

Expenses

- *Production expenses*. Production expenses increased $177.61 million, or 21.6%, to $999.30 million for the year ended December 31, 2005, compared with $821.69 million for the year ended December 31, 2004. This increase was consistent with the growth of our commission and advisory fee revenue.
- *Compensation and benefits*. Compensation and benefits increased $14.38 million, or 11.2%, to $142.37 million for the year ended December 31, 2005, compared with $128.00 million for the year ended December 31, 2004. Primary reasons for this increase include a $5.91 million increase in stock compensation expense incurred in connection with the Transaction, in addition to employee growth, merit-based pay increases, higher health care costs, and increased spending on outside services. The average number of full-time employees increased by 18.4% for the year ended December 31, 2005.
- *General and administrative expenses*. General and administrative expenses increased $24.22 million, or 26.1%, to $116.94 million for the year ended December 31, 2005, compared with $92.73 million for the year ended December 31, 2004. This increase was mainly due to increases in professional fees and to a lesser extent promotional expenses ($13.86 million of which related to the Transaction). All other expenses such as occupancy, equipment, communications, and other increased at a rate consistent with our growth.
- *Depreciation and amortization*. Depreciation and amortization expense increased $2.06 million, or 13.0%, to $17.85 million for the year ended December 31, 2005, compared with $15.80 million for the year ended December 31, 2004. This increase was primarily driven by $1.50 million of amortization expense in 2005 mainly related to the June 2004 acquisitions of three broker-dealers.
- *Other expenses*. Other expenses decreased $17.11 million, or 57.4%, to $12.71 million for the year ended December 31, 2005, from $29.83 million for the year ended December 31, 2004. Primary reasons for this decrease include an $11.00 million decrease in regulatory fines and related expenses, a $3.16 million goodwill impairment charge related to Innovex and $1.61 million of other expenses from the Transaction offset by a $12.23 million write-down in 2004 for our non-marketable investment in GPA, which did not recur in 2005 because of our change in accounting (see Note 6 in the notes to consolidated financial statements).
- *Interest expenses*. Interest expense increased $.91 million, or 63.4%, to $2.36 million for the year ended December 31, 2005 from $1.45 million for the year ended December 31, 2004, primarily due to $1.39 million of non-operating interest expense from senior credit facilities and subordinated notes related to the Transaction.
- *Provision for Income Taxes*. Provision for income taxes increased $13.91 million, or 42.7% to $46.46 million for the year ended December 31, 2005, compared with $32.55 million for the year ended December 31, 2004. The increase in income tax expense was primarily related to the increase in pre-tax income from continuing operations over comparable periods. Our effective tax rate for 2005 was 40.1% as compared to 47.9% for 2004. The increased tax rate for 2004 was primarily related to an increase in the valuation allowance against a deferred tax asset resulting from an investment in GPA.

Segment Information

Our Independent Financial Advisors segment, which represents approximately 99.1% of consolidated revenues in 2006 and approximately 98.9% of consolidated revenues in both 2005 and 2004, provides a full range of brokerage, investment advisory and infrastructure services to IFAs and financial institutions in the United States. Our other four segments provide an investment advisory platform, trust and related

custodial services, mortgage brokerage and underwriting services, and fixed insurance services, respectively, almost entirely to clients of Linsco's IFAs. These other four entities do not, individually or in the aggregate, meet the segment reporting requirements under SFAS 131 "Disclosures about Segments of an Enterprise and Related Information", and consequently have been aggregated as "Other" for reporting purposes. Certain corporate assets and expenses at our holding company have not been allocated to our operating segments as they are not used by our chief operating decision maker in assessing segment performance or in deciding how to allocate resources.

2006 vs. 2005

Revenues at our Independent Financial Advisors segment increased $331.98 million, or 23.9%, to $1,723.85 million for the year ended December 31, 2006 from $1,391.87 million for the year ended December 31, 2005 driven mainly by continued growth among our mature IFAs, growth among our recently recruited IFAs, and an 8.1% net increase in the overall number of IFAs. Revenues for our other segment increased by $2.87 million, or 14.1%, to $23.19 million for the year ended December 31, 2006 from $20.32 million for the year ended December 31, 2005, due primarily to an increase in commissions generated from life insurance applications offset by a decline in the volume of loans processed due primarily to rising interest ratings.

Income from continuing operations before income taxes in our Independent Financial Advisors segment increased by $85.77 million, or 59.8%, to $229.27 million for the year ended December 31, 2006 from $143.50 million for the year ended December 31, 2005, attributed mainly to the revenue growth discussed above. Our other segments increased by $3.49 million, or 177.2%, to $1.52 million for the year ended December 31, 2006 from ($1.97) million for the year ended December 31, 2005, due primarily to a goodwill impairment charge of $3.16 million recorded in 2005. Additionally, other corporate expenses, which were not allocated to either of our operating segments but impact consolidated income from continuing operations before income taxes, decreased $150.13 million over the same period. The decrease is due primarily to interest from our debt, as well as depreciation and amortization of finite lived intangibles, both resulting from the Transaction.

2005 vs. 2004

Revenues at our Independent Financial Advisors segment increased by $247.45 million, or 21.6% to $1,391.87 million for the year ended December 31, 2005 from $1,144.42 million for the year ended December 31, 2004, driven mainly by continued growth among our mature IFAs, sales growth among our recently recruited IFAs, and a 10.9% net increase in the overall number of IFAs. Revenues for our other segment increased by $6.34 million, or 45.3% to $20.32 million for the year ended December 31, 2005 from $13.98 million for the December 31, 2004, primarily related to revenues earned by our mortgage company and general brokerage agency, both which were acquired in June 2004.

Income from continuing operations before income taxes at our Independent Financial Advisors segment increased by $51.10 million, or 55.3% to $143.50 million for the year ended December 31, 2005 from $92.40 million for the year ended December 31, 2004, attributed mainly to growth in our gross margin. Our other segments decreased by $2.09 million, to ($1.97) million for the year ended December 31, 2005 from $.12 million primarily as a result of the non-cash goodwill impairment charge discussed above.

Recent Accounting Pronouncements

Accounting for Fair Value Option of Financial Assets and Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option of Financial Assets and Financial Liabilities* ("SFAS 159"). This standard permits entities to choose to measure many financial

instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 159 will have on our consolidated statements of financial condition, statements of income, and cash flows.

Accounting for Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). This standard provides guidance for using fair value to measure assets and liabilities. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data; for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact that the adoption of SFAS 157 will have on our consolidated statements of financial condition, statements of income, or cash flows.

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. At adoption, companies must adjust their financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any necessary adjustment would be recorded directly to retained earnings in the period of adoption and reported as a change in accounting principle. FIN 48 is effective for fiscal years beginning after December 15, 2006. We have substantially completed our valuation of

FIN 48 and have estimated the impact of its adoption on our consolidated financial statements as a reduction to retained earnings of approximately $3.50 million to $4.50 million.

Liquidity and Capital Resources

Summary of Changes in Cash and Cash Equivalents

Net cash provided by operating activities from continuing operations for the year ended December 31, 2006 and December 31, 2005 was $139.26 million and $118.00 million, respectively. The increase is primarily attributed to growth in our gross margin and a $53.34 million tax benefit related to stock options exercised in the prior year resulting from the Transaction. These increases were largely offset by interest costs related to the senior notes issued in conjunction with the Transaction and a change in taxes

receivable/payable of approximately $108.45 million which was also associated with tax deductible events related to the Transaction. The remainder of change in cash provided by operating activities is attributed to the net fluctuations in various other operating asset and liability accounts.

Net cash used in investing activities in continuing operations for the year ended December 31, 2006 and December 31, 2005 was $30.41 million and $1.75 million, respectively. The increase is principally due to non-recurring cash proceeds from the sale of fixed assets of $20.31 million received during the year ended December 31, 2005.

Net cash provided by financing activities for the year ended December 31, 2006 was $1.72 million as compared to financing activities used in continuing operations for year ended December 31, 2005 of $86.04 million. The difference is due primarily to $55.09 million of dividends paid to stockholders and $25.05 million for the repayment of bank loans during the year ended December 31, 2005, but not during 2006.

Operating Capital Requirements

Our primary requirement for working capital relates to funds we loan to clients for trading done on margin and funds we are required to maintain at clearing organizations to support clients' trading activities. We require that clients deposit funds with us in support of their trading activities and we hypothecate securities held as margin collateral, which we in turn use to lend to clients for margin transactions and deposit with our clearing organizations. These activities account for the majority of our working capital requirements, which are primarily funded directly or indirectly by clients. Our other working capital needs are primarily limited to regulatory capital requirements and software development, which we have satisfied in the past from internally generated cash flows.

Notwithstanding the self-funding nature of our operations, we may sometimes be required to fund timing differences arising from the delayed receipt of client funds associated with the settlement of client transactions in securities markets. Historically, these timing differences were funded either with internally generated cash flow or, if needed, with funds drawn under short-term borrowing facilities, including both committed unsecured lines of credit and uncommitted lines of credit secured by client securities. We also may borrow up to $100.00 million for working capital and other general corporate purposes under the revolving credit facility which has been provided under our senior secured credit facilities. Currently, $10.00 million of such facility is being utilized to support the issuance of an irrevocable letter of credit issued for the benefit of PTC. Additionally, Linsco, our broker-dealer subsidiary, continues to utilize uncommitted lines which are secured by client securities to fund margin loans, and our mortgage broker/banking subsidiary, Innovex continues to use a warehouse line of credit to facilitate its mortgage loan origination business.

Linsco, a registered broker-dealer, is subject to the uniform net capital requirements of the Securities and Exchange Commission and the National Association of Securities Dealers, and minimum financial requirements of the Commodity Futures Trading Commission. Linsco computes its net capital requirements under the alternative method provided for by the SEC's rules, which require that it maintain net capital equal to the greater of $250,000 or 2% of aggregate client related debit items. The net capital rule also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5% of aggregate customer related debit items. As a matter of policy, we maintain excess regulatory capital to provide liquidity during periods of unusual market volatility or customer activity.

Innovex, a Housing and Urban Development approved Title II nonsupervised mortgagee, is required to have a net worth of at least $250,000 and must maintain liquid assets of 20% of its net worth, up to a maximum amount of $100,000.

PTCH is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial statements.

Funding for purposes other than working capital requirements, including capital expenditures and acquisitions, has historically been provided for from internally generated cash flow. Future funding for these needs may also come from our new revolving credit facility.

Liquidity Assessment

We believe that, based on current levels of operations and anticipated growth, cash flow from operations, together with other available sources of funds, including revolving credit borrowings under our senior secured credit facilities will be adequate to satisfy our working capital needs, the payment of all of our obligations, and the funding of anticipated capital expenditures, for the foreseeable future. Our conclusion is based on recent levels of net cash flow from our operations of approximately $139.26 million and the significant additional borrowing capacity that exists under our revolving credit facility.

Our ability to meet our debt service obligations and reduce our total debt will depend upon our future performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. In addition, our operating results, cash flow and capital resources may not be sufficient for repayment of our indebtedness in the future. Some risks that could materially adversely affect our ability to meet our debt service obligations include, but are not limited to, general economic conditions and economic activity in the financial markets. The performance of our business is correlated with the economy and financial markets, and a slowdown or downturn in the economy or financial markets could adversely affect our business, results of operations, cash flows or financial condition.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments, seek additional capital or restructure or refinance our indebtedness, including the senior unsecured subordinated notes as discussed below. These measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. However, our new senior secured credit facilities and the indenture governing the notes offered hereby will restrict our ability to dispose of assets and the use of proceeds from any such dispositions. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and, in any event, the proceeds may not be adequate to meet any debt service obligations then due.

Indebtedness

As of December 31, 2006, we had outstanding $794.38 million of borrowings under our senior secured credit facilities and $550.00 million of senior unsecured subordinated notes. The senior secured credit facilities also include a $100.00 million revolving credit facility, of which $90.00 million was available as of December 31, 2006, for future borrowings. We also maintain uncommitted lines of credit, which have an unspecified limit, primarily dependent on our ability to provide sufficient collateral. The lines were utilized during the year, however there were no balances outstanding as of December 31 2006. Additionally, in an effort to mitigate interest rate risk, we entered into an interest rate swap agreement to hedge the variability on $495.00 million of our floating rate senior secured credit facilities.

Senior Secured Credit Facilities

The senior secured credit facilities provide senior secured financing of $794.38 million, consisting of a $100.00 million revolving credit facility for working capital, investment and general corporate needs. This

facility expires on December 28, 2011. Of the $100.00 million, $10.00 million is currently being utilized to support the issuance of an irrevocable letter of credit issued for the benefit of PTC.

Interest Rate and Fees

Borrowings under the senior secured credit facilities will bear interest at a rate equal to, at our option, either (a) LIBOR for deposits in the dollars plus an applicable margin or (b) the higher of (1) the prime rate of The Bank of New York and (2) the federal funds effective rate plus 0.50%, plus an applicable margin. The applicable margin for borrowings is currently, (x) under the revolving credit facility, 1.00% with respect to base rate borrowings and 2.00% with respect to LIBOR borrowings and (y) under the senior secured term loan facility, 1.50% with respect to base rate borrowings and 2.50% with respect to LIBOR borrowings. The applicable margin on the senior secured term loan facility may be changed depending on what our leverage ratio is or how our credit is rated by Moody’s Investors Services, Inc.

In addition to paying interest on outstanding principal under the senior secured credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder. The commitment fee rate is currently 0.375% per annum, but is subject to changes depending on what our leverage ratio is. We must also pay customary letter of credit fees.

Prepayments

The senior secured credit facilities (other than the revolving credit facility) will require us to prepay outstanding senior secured term loans, subject to certain exceptions, with:

- 50% (which percentage will be reduced to 25% if our total leverage ratio is 5.00x or less and to 0% if our total leverage ratio is 4.00x or less) of our annual excess cash flow, adjusted for, among other things, changes in our net working capital;
- 100% of the net cash proceeds of all nonordinary course asset sales or other dispositions of property, if we do not (1) reinvest or commit to reinvest those proceeds in assets to be used in our business or to make certain other permitted investments within 15 months as long as such reinvestment is completed within 180 days; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the senior secured credit facilities.

The foregoing mandatory prepayments will be applied to scheduled installments of principal of the senior secured term loan facility in direct order.

We may voluntarily repay outstanding loans under the senior secured credit facilities at any time without premium or penalty, other than customary “breakage” costs with respect to LIBOR loans.

Amortization

We are required to repay the loans under the senior secured term loan facility in equal quarterly installments in aggregate annual amounts equal to 1% of the original funded principal amount of such facility, with the balance being payable on the final maturity date of such facility.

Principal amounts outstanding under the revolving credit facilities are due and payable in full at maturity.

Guarantee and Security—The senior secured facilities are secured primarily through pledges of the capital stock in our subsidiaries.

Certain Covenants and Events of Default

The senior secured credit facilities will contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness;
- create liens;

- enter into sale and leaseback transactions;
- engage in mergers or consolidations;
- sell or transfer assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments, loans or advances;
- prepay certain subordinated indebtedness;
- make certain acquisitions;
- engage in certain transactions with affiliates;
- make capital expenditures;
- amend material agreements governing certain subordinated indebtedness; and
- change our lines of business.

In addition, the senior secured credit facilities will require us to maintain the following financial covenants:

- a minimum interest coverage ratio; and
- a maximum total leverage ratio.

Interest Rate Swaps

The senior secured credit facilities will also contain certain customary affirmative covenants and events of default, including a change of control Interest Rate Swaps—On January 30, 2006, we entered into five interest rate swap agreements ("Swaps"). An interest rate swap is a financial derivative instrument whereby two parties enter into a contractual agreement to exchange payments based on underlying interest rates. We use the Swaps to hedge the variability on our floating rate for approximately $495.00 million of our senior secured notes. We are required to pay the counterparty to the agreement fixed interest payments on a notional balance, and in turn, receive variable interest payments on that notional balance. Payments are settled quarterly on a net basis. As of December 31, 2006, we assessed the Swaps as being highly effective and we expect them to continue to be highly effective. While approximately $300.00 million of our senior secured notes remains unhedged as of December 31, 2006, the risk of variability on our floating interest rate is mitigated by our ability to provide margin interest loans to our customers. At December 31, 2006, our receivable from customers for margin loan activity was approximately $311.00 million.

Senior Unsecured Subordinated Notes—The notes are due in 2015, and bear interest at 10.75% per annum. Interest payments are payable semi-annually in arrears. We are not required to make mandatory redemption or sinking fund payments with respect to the notes and at December 31, 2006, the entire $550.00 million was still outstanding. The senior unsecured subordinated notes are subject to certain financial and non-financial covenants. As of December 31, 2006, we were in compliance with all such covenants.

Contractual Obligations

The following table provides information with respect to our commitments and obligations as of December 31, 2006:

			Payments due by period		
	Total	< 1 year	1-3 years	4-5 years	> 5 years
			(in thousands)		
Mortgage Loan Origination	$ 12,110	$ 12,110	$ —	$ —	$ —
Mortgage Loan Sales	(16,504)	(16,504)	—	—	—
Operating Lease Obligations(2)	69,222	9,852	21,911	20,383	17,076
Senior Secured Credit Facilities and Senior Unsecured Notes(1)(3)	1,344,375	7,944	15,888	15,888	1,304,655
Fixed Interest Payments	532,125	59,125	118,250	118,250	236,500
Interest Rate Swap Agreements(3)	85,272	23,759	40,258	19,678	1,577
Total contractual cash obligations	**$ 2,026,600**	**$ 96,286**	**$ 196,307**	**$ 174,199**	**$ 1,559,808**

(1) Note 14 and 16 of our consolidated financial statements provides further detail on these debt obligations.

(2) Note 17 of our audited consolidated financial statements provides further detail on operating lease obligations.

(3) Our senior credit facilities bear interest at floating rates. Of the $794.38 million outstanding at December 31, 2006, we have hedged the variable rate cash flows using interest rate swaps of $495.00 million of principle (see Note 15 of our consolidated financial statements). No payments are shown for the unhedged ($299.38 million) portion of the senior credit facilities as the timing of principal payments and amounts of interest paid will vary (see Note 14 of our consolidated financial statements for more information).

Other Commitments and Contingencies

Guarantees—We occasionally enter into certain types of contracts that contingently require it to indemnify certain parties against third-party claims. These contracts primarily relate to real estate leases under which we may be required to indemnify property owners for claims and other liabilities arising from its use of the applicable premises. The terms of these obligations vary, and because a maximum obligation is not explicitly stated, we have determined that it is not possible to make an estimate of the amount that we could be obligated to pay under such contracts.

Linsco also provides guarantees to securities clearing houses and exchanges under their standard membership agreements, which require a member to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearing houses and exchanges, all other members would be required to meet any shortfall. Our liability under these arrangements is not quantifiable and may exceed the cash and securities we posted as collateral. However, the potential requirement for us to make payments under these agreements is remote. Accordingly, no liability has been recognized for these transactions.

Litigation—We have been named as a defendant in various legal actions, including arbitrations. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, we cannot predict with certainty what the eventual loss or range of loss related to such matters will be. We believe, based on current knowledge, after consultation with counsel, and consideration of insurance, if any, that the outcome of such matters will not have a material adverse effect on our results of operations, cash flows or financial condition.

Regulatory—In May 2005, we entered into an Acceptance Waiver and Consent ("AWC") with the NASD regarding certain sales of Class B and Class C mutual fund shares. In its investigation, the NASD questioned whether certain sales of Class B and Class C mutual fund shares since January 1, 2002, were

appropriate on the basis of cost differences among share classes. The AWC provides for payment to clients impacted by certain transactions and imposition of a monetary penalty. In December 2005, the AWC was counter signed by the NASD and we paid a fine of $2.40 million.

In 2006, we remediated certain transactions occurring since January 1, 2001, based on the criteria outlined in the AWC. Refunds and transaction remediation totaled $2.37 million, all of which had been accrued for in prior years. Unused accruals of $2.97 million were reversed during the year as estimates were adjusted for final payments and for the expiration of the positive consent period required for customers to elect remediation.

Interest Rate and Loan Commitments—Innovex enters into written commitments to originate loans whereby the interest rate on the loan is determined prior to funding; these commitments are referred to as interest rate lock commitments ("IRLCs"). IRLCs on loans are considered to be derivatives and as of December 31, 2006, we had a committed principal of $12.11 million.

IRLCs, as well as closed loans held-for-sale, expose Innovex to interest rate risk. Innovex manages this risk by entering into corresponding forward sales agreements with investors on a best-efforts basis. Innovex determined that such best-effort forward sales commitments meet the definition of a derivative and as of December 31, 2006, we had a committed principal of $16.50 million.

Positive and negative increases to the fair value of IRLC's and forward sales agreements are recognized in other assets and accrued liabilities, with unrealized gains or losses recorded in other income.

Other Commitments—As of December 31, 2006, we received collateral primarily in connection with customer margin loans with a market value of approximately $404.19 million, which we can sell or repledge. Of this amount, approximately $150.52 million has been pledged or sold as of December 31, 2006; $100.38 million was pledged to a bank in connection with an unutilized secured margin line of credit, $35.26 million was pledged to various clearing organizations, and $14.88 million was loaned to the DTC through participation in our Stock Borrow Program. As of December 31, 2005, we received collateral primarily in connection with customer margin loans with a market value of approximately $309.45 million, which we can sell or repledge. Of this amount, approximately $42.64 million has been pledged or sold as of December 31, 2005; $36.04 million was pledged to various clearing organizations and $6.59 million was loaned to the DTC through participation in our Stock Borrow Program.

On December 15, 2006, Linsco entered into agreements with a large global insurance company pursuant to which we agreed to provide brokerage, clearing, and custody services on a fully disclosed basis; offer our investment advisory programs and platforms; and provide technology and additional processing and related services to its financial advisors and customers. The term of the agreements are five years, subject to additional 24-month extensions. Termination fees may be payable by a terminating or breaching party depending on the specific cause leading to termination. Services are expected to begin August 2007.

Innovex sells its mortgage loans without recourse. It is usually required by the buyers (investors) of these loans to make certain representations concerning credit information, loan documentation and collateral. Innovex has not repurchased any loans during years ended December 31, 2006 or 2005.

As part of its brokerage operations, Linsco periodically enters into when-issued and delayed delivery transactions on behalf of its customers. Settlement of these transactions after December 31, 2006 did not have a material effect on our consolidated statements of financial condition.

Off-balance Sheet Arrangements

At December 31, 2006, we did not have any off-balance sheet arrangements as that term is defined in Item 303 of Regulation S-X of the Securities Act that are likely to have a current or future material effect

on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Market Risk

We bear some market risk on margin transactions affected for our IFAs' clients. In margin transactions, we extend credit to clients, collateralized by cash and securities in the client's account. As our IFAs execute margin transactions on behalf of their clients, we may incur losses if clients do not fulfill their obligations, the collateral in the client's account is insufficient to fully cover losses from such investments, and our IFAs fail to reimburse us for such losses. The risk of default depends on the creditworthiness of the client. To minimize this risk we assess the creditworthiness of the clients and monitor the margin level daily. Clients are required to deposit additional collateral, or reduce positions, when necessary.

We also have market risk on the fees we earn that are based on the market value of assets in certain client accounts and for which ongoing fees or commissions are paid. We do not enter into derivatives or other similar financial instruments for trading or speculative purposes. We do not lend securities that we hold as collateral in margin accounts.

We are exposed to market risk associated with changes in interest rates. As of December 31, 2006, all of the outstanding debt under our senior secured credit facilities, $795.00 million, was subject to floating interest rate risk. To provide some protection against potential rate increases associated with our floating senior secured credit facilities, in January 2006 we entered into derivative instruments in the form of Swaps covering a significant portion ($495.00 million) of our senior secured indebtedness. The Swaps qualify for hedge accounting under SFAS 133 "*Accounting for Derivative Instruments and Hedging Activities*." Accordingly, any interest rate differential is reflected in an adjustment to interest expense over the lives of the Swaps. While the unhedged portion of our senior secured debt is subject to increases in interest rates, we believe that this risk is offset with variable interest rates associated with customer borrowings. At December 31, 2006, we had $300.00 million in unhedged senior secured borrowings, the variable cost of which is offset by variable interest

income on $311.00 million of customer borrowings. Because of this relationship, and our expectation for outstanding balances in the future, we do not believe that a short-term change in interest rates would have a material impact on our income before taxes. We do not anticipate any material changes in our primary market risk exposures in 2007. For a discussion of such Swaps, see Note 15 to our consolidated financial statements.

Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in our technology or financial operating systems and inadequacies or breaches in our control processes. We operate in diverse markets and are reliant on the ability of our employees and systems to process a large number of transactions. These risks are less direct than credit and market risk, but managing them is critical, particularly in a rapidly changing environment with increasing transaction volumes. In the event of a breakdown or improper operation of systems or improper action by employees, we could suffer financial loss, regulatory sanctions and damage to our reputation. Business continuity plans exist for critical systems, and redundancies are built into the systems as deemed appropriate. In order to mitigate and control operational risk, we have developed and continue to enhance specific policies and procedures that are designed to identify and manage operational risk at appropriate levels throughout our organization and within various departments. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our employees operate within established corporate policies and limits.

We have established various committees of the Board of Directors to manage the risks associated with our business. Our Audit Committee was established for the primary purpose of overseeing (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements that may impact our financial statements or financial operations, (iii) the independent auditor's qualifications and

independence and (iv) the performance of our independent auditor and internal audit function. Our Compensation and Human Resources Committee was established for the primary purpose of (i) overseeing our efforts to attract, retain and motivate members of our senior management team in partnership with the Chief Executive Officer, (ii) to carry out the Board's overall responsibility relating to the determination of compensation for all executive officers, (iii) to oversee all other aspects of our compensation and human resource policies and (iv) to oversee our management resources, succession planning and management development activities.

In addition to various committees, we have written policies and procedures that govern the conduct of business by our IFAs and employees, our relationship with clients and the terms and conditions of our relationships with product manufacturers. Our client and financial advisor policies address the extension of credit for client accounts, data and physical security, compliance with industry regulation and codes of ethics to govern employee and financial advisor conduct among other matters.

ITEM 3. PROPERTIES

Our corporate headquarters are located in Boston, Massachusetts where we lease approximately 36,000 square feet of space and in San Diego, California where we lease approximately 316,000 square feet of space. Our subsidiary Innovex, located in San Diego, California, leases approximately 3,000 square feet of space from LPL. Our subsidiary PTC Holdings, Inc., located in Cleveland, Ohio, leases approximately 6,000 square feet of space. Our subsidiary UVEST Financial Services Group, Inc., located in Charlotte, North Carolina, leases approximately 42,000 square feet of space, and we lease approximately 82,000 additional square feet of space to house our East coast operations center located in Charlotte. We own approximately 4.5 acres feet of land in San Diego. We believe that our existing properties are adequate for the current operating requirements of our business and that additional space will be available as needed.

ITEM 4. SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 30, 2007 by (i) each beneficial owner of more than five percent of our outstanding common stock and (ii) each of our current directors and named executive officers. Unless otherwise indicated, the address for each of the individuals listed below is: c/o LPL Investment Holdings Inc., One Beacon Street, Floor 22, Boston, MA 02108.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(4) (#)	Percentage of Common Stock (%)
Hellman & Friedman Investment Funds(1)(2)	3,421,018.51	41.29
TPG Partners, IV, L.P.(1)(3)	3,421,018.51	41.29
Mark S. Casady(1)	260,474.00	3.05
C. William Maher(1)	14,692.00	0.18
Steven M. Black(1)	153,512.00	1.82
William E. Dwyer(1)	125,876.64	1.50
Esther M. Stearns(1)	166,984.00	1.98
Jeffrey A. Goldstein(1)	3,421,018.51	41.29
Douglas M. Haines(1)	3,421,018.51	41.29
James S. Putnam(1)	48,696.95	0.59
Richard P. Schifter(1)	3,421,018.51	41.29
Jeffrey E. Stiefler(1)	—	—
Allen R. Thorpe(1)	3,421,018.51	41.29
All directors and executive officers as a group (13 persons)	7,839,227.57	86.04%

(footnotes on following page)

(1) Parties to our stockholders' agreement. See "Certain Relationship and Related Transaction—Stockholders' Agreement."

(2) Common stock beneficially owned through the funds Hellman & Friedman Capital Partners V, L.P., Hellman & Friedman Capital Partners V (Parallel), L.P. and Hellman & Friedman Capital Associates V, L.P. The address for each of these funds is c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Fl., San Francisco, CA 94111.

(3) The address for TPG Partners, IV, L.P. is c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

(4) For purposes of this table, a person or group is deemed to have ‘‘beneficial ownership” of any shares as of a given date which such person has voting power, investment power, or has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage of ownership of any other person. Except as otherwise noted, each beneficial owner of more than five percent of any of our common stock, and each director and executive officer has sole voting and investment power over the shares reported.

Changes in Control

See “Management’s Discussion and Analysis of our Financial Condition and Results of Operations—Indebtedness—Senior Secured Credit Facilities” for arrangements the operation of which may at a subsequent date result in a change of our control.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information concerning the individuals that currently serve as members of the Board, as well as the executive officers of LPL, as of April 30, 2007.

Name	Age	Position(1)
Mark S. Casady	46	Chief Executive Officer and Chairman
Jeffrey A. Goldstein	53	Director
Douglas M. Haines	40	Director
James S. Putnam	52	Director, Vice-Chairman
Richard P. Schifter	53	Director
Jeffrey E. Stiefler	59	Director
Allen R. Thorpe	35	Director
Steven M. Black	50	Managing Director, Chief Risk Officer
Stephanie L. Brown	54	Managing Director, General Counsel
William E. Dwyer	49	Managing Director, National Sales
C. William Maher	45	Managing Director, Chief Financial Officer
Esther M. Stearns	46	President and Chief Operating Officer
Joseph P. Tuorto	49	Managing Director, Chief Compliance Officer

(1) Directors and executive officers are elected for generally elected for terms that expire on the date of the following annual shareholders’ meeting and board of directors’ meeting, respectively. The term of office of the current directors and executive officers expires at such meetings to be held in December 2007.

The following information provides a brief description of the business experience of each director and executive officer.

Mark S. Casady—Chief Executive Officer and Chairman

Mr. Casady has been our Chief Executive Officer and Chairman since March 2007. He joined us in 2002 as Chief Operating Officer, became our President in April 2003 and became our Chief Executive Office, President and Chairman in December 2005. Before joining the firm in 2002, Mr. Casady was Managing Director, Mutual Fund Group for Deutsche Asset Management, Americas—formerly Scudder Investments. He joined Scudder in 1994 and held roles as Managing Director—Americas; Head of Global Mutual Fund Group; Head of Defined Contribution Services; and was a member of the Scudder, Stevens and Clark Board of Directors and Management Committee. He is also Chairman of the Board and a member of the Compensation Committee of Percipio Capital Management LLC. Mr. Casady received his B.S. from Indiana University and his M.B.A from DePaul University.

Jeffrey A. Goldstein—Director

Mr. Goldstein joined Hellman & Friedman as a managing director in 2004 and has been our director since December 2005. Before joining Hellman & Friedman, Mr. Goldstein was Managing Director, Chief Financial Officer and Member of the Management Committee of the World Bank. Prior to his tenure at the World Bank, Mr. Goldstein was Co-Chairman of BT Wolfensohn and a member of the Bankers Trust Company Management Committee. Earlier in his career, Mr. Goldstein taught economics at Princeton University and worked at the Brookings Institution. Mr. Goldstein is also a member of the Board of Arch Capital Group Ltd. and AlixPartners LLP. Mr. Goldstein also serves as a member of the Board of Trustees and Chairman of the Investments Committee of Vassar College, member of the Board of Directors of International Center for Research on Women and member of the Council on Foreign Relations. He was Trustee and past President of Big Brothers Big Sisters of New York City and was trustee of the German Marshall Fund of the United States. He received his B.A. from Vassar College and his Ph.D., M.Phil., and M.A. in economics from Yale University.

Douglas Marshall Haines—Director

Mr. Marshall Haines has been a principal of TPG Capital since 2004 and our director since December 2005. From 1993 to 2003 Mr. Haines was a principal at Bain Capital. Mr. Haines received his bachelor’s degree from the University of California at Berkeley and his M.B.A. from Harvard Business School. Mr. Haines also serves as a director of Fidelity National Information Services and Direct General.

James S. Putnam—Director and Vice Chairman

Mr. Putnam has been Chief Executive Officer of GPA since 2004 having served on the Board of Directors of GPA since 1998, and has been our director and vice-chairman since December 2005. Mr. Putnam was Managing Director of National Sales, responsible for branch development, marketing, corporate communications mutual fund and annuity sales. Mr. Putnam began his securities career as a retail representative with Dean Witter Reynolds in 1979. Mr. Putnam received his B.A. from Western Illinois University.

Richard P. Schifter—Director

Mr. Schifter has been a partner at TPG Capital since 1994. Prior to joining Texas Pacific Group, Mr. Schifter was a partner at the law firm of Arnold & Porter in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. Mr. Schifter joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter is a member of the District of Columbia Bar and graduated cum laude from the University of Pennsylvania Law School in 1978. He received a B.A. with distinction from

George Washington University in 1975. Mr. Schifter currently serves on the Boards of Directors of Gate Gourmet Group, Bristol Group, LPL Holdings Inc., Direct General Corporation, Ariel Reinsurance Company Ltd, and Airline Partners Australia, and on the Board of Overseers of the University of Pennsylvania Law School. He is also a member of the Boards of Directors of the Washington Chapter of the American Jewish Committee, Youth, I.N.C., (Improving Non-profits for Children), and The Eco-Enterprise Fund of the Nature Conservancy.

Jeffrey E. Stiefler—Director

Mr. Stiefler has been Senior Vice-President of Intuit Corp. and President of Intuit's financial institutions division since February 2007, and our director since May 2006. Previously, Mr. Stiefler was Chairman, President and Chief Executive Officer of Digital Insight Corp. from 2003 to 2007. Prior to joining Digital Insight, Mr. Stiefler served as an adviser for North Castle Partners, a private equity firm, from 2001 to 2003, as Vice Chairman of Walker Digital Corporation from 2000 to 2001, as President of Telephony@Work, a private technology company, from 2001 to 2002, and as an operating partner for McCown DeLeeuw & Company from 1995 to 2000, where he also served as Chairman or Chief Executive Officer for several service-outsourcing companies. Before that, he was President and Director of American Express Company. Mr. Stiefler also serves as a director of Education Lending Group, Inc., a provider of financial aid products. Mr. Stiefler received his B.A. from Williams College and an M.B.A. from Harvard Business School.

Allen R. Thorpe—Director

Mr. Thorpe has been a managing director at Hellman & Friedman since 2004 and our director since October 2005. Prior to joining that firm in 1999, Mr. Thorpe was a vice-president of Pacific Equity Partners in Sydney and a manager at Bain & Company in Sydney. Mr. Thorpe currently also serves as a director of Mitchell International, Inc., Mondrian Investment Partners, Gartmore, Artisan Partners Limited Partnership, and Vertafore, Inc. and serves as the Chairman of the Board of Directors of the Bay Area Video Coalition. Mr. Thorpe received his bachelor's degree from Stanford University and his M.B.A. from Harvard Business School, where he was a Baker Scholar.

Steven M. Black—Managing Director, Chief Risk Officer

Mr. Black joined us in 1998, as Senior Vice President, Clearing Services and in June of 2001, he became Managing Director of Operations and became Managing Director of Operations and Trading in 2004. In 2006, Mr. Black was made Chief Risk Officer and has the responsibility for Sarbanes-Oxley compliance, internal audits and implementation of an enterprise-wide risk management process. Mr. Black attended Stockton State College.

Stephanie L. Brown—Managing Director, General Counsel

Ms. Brown joined us in 1989 and has been responsible for the legal department throughout her tenure at LPL. From 1989 to 2004 Ms. Brown was responsible as well for Compliance and Registration. Prior to joining LPL in 1989, Ms. Brown was an associate attorney with the law firm of Kelley Drye & Warren in Washington, D.C., specializing in corporate and securities law. Ms. Brown received her B.A. degree *cum laude* from Bryn Mawr College and her J.D. from the Catholic University of America. Ms. Brown is a member of the District of Columbia and Commonwealth of Massachusetts Bars.

William E. Dwyer—Managing Director, National Sales

Mr. Dwyer joined us in 1992, became Managing Director, Branch Development in 2002, became Managing Director, National Sales in 2005 and has been responsible for overseeing recruitment, branch office development and transition services of new IFAs joining LPL. In addition, Mr. Dwyer is responsible

for national recruitment advertising. Mr. Dwyer also serves on the Board of Big Brothers of Massachusetts Bay since 1999 and has held the position of Executive Vice Chairman since 2001. He received his B.A. from Boston College.

C. William Maher—Managing Director, Chief Financial Officer

Mr. Maher joined us in 2005 from Nicholas Applegate Capital Management where he spent the last six years as Chief Financial Officer and Managing Director, responsible for formulating financial policy and planning as well as ensuring the effectiveness of the financial functions within the firm. Mr. Maher is a member of the Board of Directors of The Greater China Fund, Inc. and a member of its Audit Committee. Mr. Maher received his B.A. from Rutgers University and his M.B.A. from Rutgers Graduate School of Management.

Esther M. Stearns—President and Chief Operating Officer

Ms. Stearns joined us in 1996 as Chief Information Officer. In 2003, she became Chief Operating Officer, and she has been our President since March 2007. Ms. Stearns is responsible for management of our operations, delivery of service and technology to our advisors and business planning for strategic initiatives. Prior to joining LPL, she was a Vice President of Information Systems at Charles Schwab & Co., Inc. Ms. Stearns worked at Charles Schwab since 1982 in operations as well as managed the surveillance, internal control and credit departments. She received her B.A. from the University of Chicago.

Joseph P. Tuorto—Managing Director, Chief Compliance Officer

Mr. Tuorto joined us as Senior Vice President as head of compliance in 2004 from Raymond James where he was CCO. He is responsible for the compliance and registration departments. He became our Managing Director and CCO in December 2005. He received his B.A. from the University of South Florida and an M.B.A. from the University of Tampa.

ITEM 6. EXECUTIVE COMPENSATION

Compensation of Directors

Outside directors who are not affiliated with us receive cash compensation for their service as members of the Board. All directors are reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at meetings of the Board and committee meetings. None of our officers

receives any compensation for serving as a director or as a director or chair of a committee of the Board.

The following table sets forth the compensation for each of the members of the Board received from us for service on the Board for the fiscal year ended December 31, 2006.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)(1)	Total ($)
Jeffrey Stiefler	6,250	—	80,964	—	—	—	87,214
Jeffrey A. Goldstein	—	—	—	—	—	—	—
Douglas M. Haines	—	—	—	—	—	—	—
James S. Putnam	—	—	—	—	—	—	—
Richard P. Schifter	—	—	—	—	—	—	—
Allen R. Thorpe	—	—	—	—	—	—	—

Summary Executive Compensation Table

The following table sets forth information concerning the total compensation for the fiscal year ended December 31, 2006 for the persons who serve as the chief executive officer, chief financial officer, and the three most highly compensated executive officers of our company. These individuals are referred to as “named executive officers” in other parts of this registration statement.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value(4) and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Mark S. Casady(3) Chairman; CEO	2006	750,000	1,475,000	—	—	—	—	25,353(4)	2,250,353
C. William Maher Managing Director; CFO	2006	375,000	450,000	—	—	—	—	30,416(5)	855,416
Steven M. Black Managing Director; Chief Risk Officer	2006	415,000	575,000	—	—	—	—	9,661(6)	999,661
William E. Dwyer Managing Director National Sales	2006	375,000	575,000	—	—	—	—	18,000(7)	968,000
Esther M. Stearns President; COO	2006	425,000	800,000	—	—	—	—	16,227(8)	1,241,227

(1) Includes the dollar value of base salary earned by executive officer.

(2) Includes the dollar value of bonus earned by executive officer.

(3) Mr. Casady receives no additional compensation for his services as a member of the Board, including committees thereof.

(4) Includes $7,500 of employer’s contributions to employee’s 401(k) plan and $17,642 relating to automobile lease payments and related expenses, and $211 in securities commissions.

(5) Includes $7,500 of employer’s contributions to employee’s 401(k) plan, $13,563 relating to automobile lease payments and related expenses, and $9,353 for vacation benefits.

(6) Includes $8,800 of employer’s contributions to employee’s 401(k) plan, and $861 in securities commissions.

(7) Includes $7,500 of employer’s contributions to employee’s 401(k) plan and $10,242 of payments received in lieu of having a company-provided automobile, and $258 in securities commissions.

(8) Includes $7,500 of employer’s contributions to employee’s 401(k) plan and $8,592 relating to automobile lease payments and related expenses, and $135 in securities commissions.

Compensation Discussion and Analysis

The executive compensation program for the named executive officers of our company and LPL generally is designed to closely align the interests of our senior managers and other personnel with those of our shareholders on both a short-term and long-term basis, and to attract and retain key executives critical to our success. That alignment has been achieved principally by ensuring that a significant portion of compensation is directly related to our stock performance. We believe that this philosophy of seeking to align the interests of our senior managers and other personnel with those of shareholders has been a key contributor to the growth and successful performance of our firm.

The elements of our executive compensation program consist of base salary, an annual bonus and a long-term equity incentive program.

Total executive compensation, including equity-based compensation, is highly differentiated based on individual performance, experience, responsibility and our results. A significant portion of each executive’s compensation is variable, at-risk and directly dependent upon individual performance against pre-determined goals.

In setting executive compensation levels, consideration is given to the totality of the compensation rather than individual elements. Our Compensation Committee reviews and approves the total compensation payable to each executive.

Base Salary. We believe that the base salary element is required in order to provide our executive officers with a stable income stream that is commensurate with their responsibilities and the competitive market conditions. The base salaries of the named executive officers are set based on the

responsibilities of the individual, taking into account the individual's skills, experience, prior compensation levels and competitive market compensation for comparable positions. We review base salary for the named executive officers annually.

Bonus. We set target bonuses for named executive officers based on proposed goals, prior compensation levels and competitive market compensation for comparable positions. We believe that these cash bonuses provide a significant incentive to our executives towards our company-level objectives. These cash bonuses are discretionary as to the amount, timing and conditions and are not determined pursuant to any established formula or other established criteria or numerical guidelines. We determine whether the target bonuses are paid based on the individual's performance and corporate profitability. We have the discretion, subject to the terms of applicable employment agreements, to pay bonuses in excess of or below the targets.

401(k) Plan. We maintain a retirement savings plan, or a 401(k) Plan, for the benefit of all eligible employees. Currently, employees may elect to defer their compensation up to the statutorily prescribed limit. After one year of service, we match 50% of the lesser of the amount designated by the employee for withholding and contribution to the 401(k) Plan and 8% of the employee's total compensation. An employee's interests in his or her deferrals are 100% vested when contributed. The 401(k) Plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As such, contributions to the 401(k) Plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) Plan, and all contributions are deductible by us when made. We provide this benefit to our executive officers because it is a benefit we provide to all of our eligible employees, and it is provided to our executive officers on the same basis as all other eligible employees.

Long-Term Equity Incentive Program. Under our Option Plans (as defined below), stock options are granted periodically to our senior executive group as well as to other key managerial and professional employees. Stock options entitle the holder to purchase during a specified time period a fixed number of shares of our common stock at a set price.

The Compensation Committee determines the number of stock options to be granted based on an holistic assessment of current and prospective contribution of value by each individual. Stock options are awarded from time to time to eligible recipients. The Compensation Committee also allocates stock options under the Option Plans for use in attracting new executives. For a description of the Option Plans, see "—Stock Incentive Plans."

Outstanding Equity Awards at Fiscal Year-End

The following table shows information relating to unexercised options and restricted stock that has not vested and equity incentive plan awards for each named executive officer as of the end of the fiscal year under December 31, 2006.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Mark S. Casady	133,576	66,789	—	18.82	5/2/2013	—	—	—	—
	33,394	16,697	—	13.53	11/30/2013	—	—	—	—
	93,504	46,752	—	14.93	5/31/2014	—	—	—	—
C. William Maher	14,692	7,347	—	23.83	6/1/2015	—	—	—	—
Steven M. Black	21,709	21,711	—	10.78	12/14/2009	—	—	—	—
	89,056	44,528	—	18.82	5/2/2013	—	—	—	—
	42,747	21,374	—	14.93	5/31/2014	—	—	—	—
William E. Dwyer	7,499	10,003	—	10.78	12/14/2009	—	—	—	—
	890	446	—	20.77	1/15/2012	—	—	—	—
	36,958	18,480	—	18.82	5/2/2013	—	—	—	—
	17,810	8,906	—	13.53	11/30/2013	—	—	—	—
	44,528	22,264	—	14.93	5/31/2014	—	—	—	—
Esther M. Stearns	33,400	33,401	—	10.78	12/14/2009	—	—	—	—
	133,584	66,792	—	18.82	5/2/2013	—	—	—	—

Options Exercised and Stock Vested

The following table sets forth the options exercised and stock vested during the year ended December 31, 2006 relating to the named executive officers.

	Option Awards		Stock Awards	
Name(a)	Number of Shares Acquired on Exercise (b)(#)	Value Realized on Exercise (c)($)	Number of Shares Acquired on Vesting (d)(#)	Value Realized on Vesting (e)($)
Mark S. Casady	—	—	—	—
C. William Maher	—	—	—	—
Steven M. Black	—	—	—	—
William E. Dwyer	2,504	446,288	—	—
Esther M. Stearns	—	—	—	—

(1) Amounts are based on a value of $189.00 per share, which we believe is the fair market value as of December 31, 2006.

Pension Benefits

We do not have any qualified or non-qualified defined benefit plans.

Non-qualified Deferred Compensation

We do not have any non-qualified defined contribution plan or other deferred compensation plan.

Potential Payments upon Termination or Change-in-Control

The following table presents, for each named executive officer, the potential post-employment payments and payments on and assumes that the triggering event took place on December 30, 2006. Set forth below the table is a description of certain post-employment arrangements with our named executive officers, including the severance benefits and change-in-control benefits to which they would be entitled under their employment agreements.

Named Executive Officer	Benefit	Without Cause or For Good Reason ($)	Death and Disability ($)
Mark S. Casady	Severance(1)	3,900,000	—
	Bonus(2)	—	1,200,000
	Stock Options(3)	67,301,945	44,867,850
	COBRA Reimbursement(4)	16,902	16,902
C. William Maher	Severance(1)	1,500,000	—
	Bonus(2)	—	375,000
	Stock Options	3,640,182	2,426,678
	COBRA Reimbursement	10,589	10,589
Steven M. Black	Severance(1)	2,030,000	—
	Bonus(2)	—	600,000
	Stock Options(3)	41,633,180	26,465,498
	COBRA Reimbursement(4)	11,567	11,567
William E. Dwyer	Severance(1)	1,800,000	—
	Bonus(2)	—	525,000
	Stock Options(3)	29,265,544	18,651,819
	COBRA Reimbursement(4)	15,900	15,900
Esther M. Stearns	Severance(1)	2,050,000	—
	Bonus(2)	—	600,000
	Stock Options(3)	46,005,262	28,685,873
	COBRA Reimbursement(4)	12,985	12,985

(1) Represents payment under employment agreements of a severance multiplier of two times the executive officer's base salary and target bonus for the year of termination.

(2) Represents payment under employment agreements of target bonus for the year of termination.

(3) Amounts are based on a value of $189.00 per share, which we believe is the fair market value as of December 31, 2006. Represents exercise of all vested and unvested stock options upon termination without cause or for good reason. Represents exercise of all vested stock options in case of termination for death or disability. See "—Stock Options."

(4) Represents lump sum payment under employment agreements equal to the costs of COBRA coverage for the executive officer and his or her family for a one-year period.

Termination without Cause or for Good Reason

In accordance with the employment agreements with our named executive officers, all compensation and benefits shall terminate on the date of employment termination, except that if the executive officer is terminated without cause or terminates his or her employment for "good reason" (definition of which includes the occurrence of a "change-in-control" event), then we must pay the executive officer, subject to such executive officer's compliance with post-termination obligations relating to confidentiality, intellectual property and non-competition (see "—Employment Agreements—Employment Agreements

with Named Executive Officers—Intellectual Property, Confidentiality and Non-Compete Clauses"), an amount equal to (1) the severance multiplier times the executive officer's base salary and target bonus for the year of termination, (2) any and all accrued and but unpaid compensation (including prorated portion of the executive officer's target bonus for the year of termination) and (3) as a lump sum payment equal to the costs of COBRA coverage for the executive officer and his or her family for a one-year period. In accordance with the employment agreements, the severance multiplier may be 1, 1.5 or 2, depending circumstances set forth therein. For two years following termination without cause or for good reason, the executive officer will be eligible to continue participation under our group life, health, dental and vision plans in which the executive officer was participating immediately prior to the date of termination.

"Cause" under the employment agreements means:

- the intentional failure to perform his or her duties or gross negligence or willful misconduct in the regular duties or other breach of fiduciary duty or material breach of the employment agreement that remains uncured after 30 days' notice;
- conviction to a felony; or
- fraud, embezzlement or other dishonesty that has a material adverse effect on us.

"Change-in-control" under the employment agreements, subject to certain exceptions, means the consummation of:

- any consolidation or merger of the Company with or into any other person, or any other similar transaction, whether or not we are a party thereto, in which our stockholders immediately prior to such transaction own directly or indirectly capital stock either (1) representing less than 50% of the equity interests or voting power of the Company or the surviving entity or (2) that does not have directly or indirectly have the power to elect a majority of the entire Board or other similar governing body;
- any transaction or series of transactions, whether or not we are a party thereto, after giving effect to which in excess of 50% is owned directly or indirectly by any person other than us and our affiliates; or
- a sale or disposition of all of our assets.

Termination Other than For Good Reason

Upon voluntary resignation other than for good reason the executive officer is entitled to accrued compensation, but not including a prorated portion of current year target bonus, as well as a lump sum payment equal to the costs of COBRA coverage for the executive officer and his or her family for a one-year period. The executive officer is in that case subject to a non-competition period of one year only. Subject to such executive officer's continuous compliance with post-termination obligations relating to confidentiality, intellectual property and non-competition (see "—Employment Agreements—Employment Agreements with Named Executive Officers—Intellectual Property, Confidentiality and Non-Compete Clauses"), at the election of the Board, the executive may be entitled to receive the same benefits as if it were terminated without cause or for good reason, except that the severance multiplier would be one, and be subject to a non-competition period of two years.

Death, Disability and Retirement

Upon termination due to death, the executive officer's estate will be entitled to the executive officer's accrued compensation, including a prorated portion of current year target bonus, as well as a lump sum payment equal to the costs of COBRA coverage for the executive officer's surviving spouse and family for a one-year period. Upon termination for disability, which must have continued for six months during which

the executive officer received full salary and benefits, the executive officer will receive accrued compensation, including a prorated portion of current year target bonus, as well as lump sum payment equal to the costs of COBRA coverage for the executive officer and his or her family for a one-year period. Upon employment termination resulting from retirement at minimum age of 65, the executive officer will be entitled to accrued compensation, but not including a prorated portion of current year target bonus, as well as a lump sum payment equal to the costs of COBRA coverage for the executive officer and his or her family for a one-year period.

Stock Options

In accordance with the named executive officers' option agreements, unvested stock options are cancelled upon termination of employment, except for termination without cause or for good reason, in which case all stock options will become vested and will be exercisable until normal expiration date. Vested options will be exercisable for (1) two years following termination of employment by reason of retirement, (2) 12 months following death or disability, in each case, not later than the option expiration date, (3) with respect to nonqualified stock options, 30 days following voluntary resignation other than for good reason or by reason of retirement and (4) with respect to incentive stock options, until normal option expiration date following voluntary resignation other than for good reason or by reason of retirement.

Prior to an initial public offering of the Company, upon termination of the executive officer's employment, we will have the right to purchase his or her equity interests at then fair market value. See "—Stock Incentive Plans—2005 Stock Option Plans—Company Call Option."

If, in the case of a change-in-control, provision for the assumption of the executive officer's stock options is not made, then 15 days prior to the scheduled consummation of such change-in-control, all then-unvested options outstanding will become immediately vested and exercisable and will remain vested and exercisable for a period of 15 days. Upon consummation of such change-in-control, the all outstanding but unexercised options will terminate.

All stock options currently held by named executive officers were originally granted under our 1999 Stock Option Plans (as defined below). In connection with the Transaction, our 1999 Stock Option Plans were amended and restated in their entirety and renamed as our 2005 Stock Option Plans (as defined below), as were the option agreements entered into under the 1999 Stock Option Plans. See "—Stock Incentive Plans."

Compensation Committee Interlocks and Insider Participation

During 2006, the members of our Compensation Committee were Douglas M. Haines, Allen Thorpe and Mark Casady. Mr. Casady is our Chairman and Chief Executive Officer.

Employment Agreements

In connection with the consummation of the Transaction, we entered into definitive employment agreements with certain members of senior management including the named executive officers. These agreements have an initial term of three years and automatically renew for subsequent one-year terms unless we provide written notice within 90 days prior to the completion of the then-current term.

The employment agreements required us to adopt option plans under which our employees are eligible to receive awards of stock options for our common stock. See "—Stock Incentive Plans."

In addition the terms of the employment agreements set forth below, Mark Casady agreed to serve on the Board and, until an initial public offering, shall be the chairman of the Board.

Employment Agreements with Named Executive Officers

Base Salaries

The employment agreements provide that Messrs. Casady, Maher, Black and Dwyer, and Ms. Stearns receive an annual base salary of $750,000, $375,000, $415,000, $375,000 and $425,000, respectively. The agreements provide that each such executive officer is entitled to participate in the bonus plan that we may establish from time to time and in our stock incentive plans.

Intellectual Property, Confidentiality and Non-Compete Clauses

The employment agreements with each of Messrs. Casady, Maher, Black and Dwyer, and Ms. Stearns require each of them to promptly disclose and assign any individual rights that he may have in any intellectual property (including inventions, concepts, designs, business opportunities, formulas, etc.) to us. The executive officers must also maintain confidentiality of all information that is confidential and proprietary to us, with usual exceptions. Under a non-

compete provision, they are prohibited from engaging in certain conduct for a period of two years following termination of the employment agreement for any reason, except in the event of a termination as a result of which the executive officer is entitled to a certain level of severance payment (i.e., severance multiplier of 1.5), in which case the executive officer would be prohibited from engaging in such certain conduct for a period of 18 months. During this time, these executive officers are not permitted to engage or participate in, directly or indirectly, any business or entity which is competitive with us and will refrain from soliciting existing and prospective customers, targets, suppliers, IFAs or employees to terminate their relationship with us and from luring or contracting with employees or brokers and IFAs.

Severance and Change-in-Control Payments

Under the terms our employment agreements with Messrs. Casady, Maher, Black and Dwyer, and Ms. Stearns, we may be obligated to make severance payments following the termination of their employment. These benefits are described above under "—Potential Payments upon Termination or Change-in-Control."

In the event that any payments to which Messrs. Casady, Maher, Black and Dwyer, and Ms. Stearns become entitled would be deemed to constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code, then such payments that would have been payable during the six months following of termination of employment with us and would otherwise be considered "parachute payments" if paid during that period shall be paid in a lump sum on the business day after the date that is the earlier (1) six months following the date of termination and (2) as such time as otherwise permitted by law that would not result in additional taxation and penalties as a "parachute payment." We, however, have no obligation to grant the executive officer any "gross-up" or other "make-whole" compensation for any tax imposed on payments made to the executive officers, including "parachute payments."

Stock Incentive Plans

In connection with the Transaction, our 1999 Stock Option Plan for Non-Qualified Stock Options and our 1999 Stock Option Plan for Incentive Stock Options (the "1999 Option Plans") were amended and restated in its entirety and renamed as our 2005 Stock Option Plan for Non-Qualified Stock Options (the "NSO Plan") and our 2005 Stock Option Plan for Incentive Stock Options (the "ISO Plan" and, together with the NSO Plan, the "2005 Option Plans").

In addition, as a result of the Transaction, (1) all stock options granted under the 1999 Stock Option Plans, (which were options to purchase shares of our subsidiary LPL Holdings, Inc.) outstanding and unexercised immediately prior to the Acquisition ("LPL Options") became the right to acquire, on the

same terms and conditions as were applicable under the LPL Options prior to the consummation of the Acquisition, a number of shares of our common stock determined in accordance with criteria set forth in the merger agreement; and (2) we assumed the original option agreements entered into under the 1999 Stock Option Plans. Pursuant to such original agreements, upon a change-in-control, one-third of the LPL Options would vest and become exercisable upon a change-in-control, with the remaining LPL Options vesting equally on the first and second anniversaries of the change-in-control. A total of 2,103,966 LPL options were converted into 2,107,814 options to purchase shares of our common stock. The original option agreements entered into under the 1999 Stock Option Plans were amended accordingly to reflect the conversion of the LPL Options, including to reflect the accelerated vesting described in the prior sentence. The terms of the 2005 Stock Option Plans are fully incorporated in the amended original option agreements. Options granted after consummation of the Transaction will vest and become exercisable at such time or times and subject to such terms and conditions as shall be determined by the Board.

2005 Stock Option Plans

Purpose. The purpose of the 2005 Stock Option Plans is to give and assist us in attracting, retaining and motivating employees.

Type of Stock Options. Options granted under the NSO Plan shall be in the form of "Non-Qualified Stock Options," which are not intended to meet the requirements of Section 422 of the Code. Options granted under the ISO Plan shall be deemed "Incentive Stock Options" and shall meet the requirements of Section 422 of the Code.

Administration. The Board has plenary authority to administer the 2005 Option Plans. All decisions made by the Board pursuant to the 2005 Option Plans are final and conclusive. The Board may correct any defect or supply any omission or reconcile any inconsistency in the 2005 Option Plans or in any option agreement in the manner and to the extent it shall deem appropriate to carry the same into effect.

Eligibility. All of our employees (and in the case of the NSO Plan, directors as well) who contribute to our management, growth and profitability may be granted stock options under the 2005 Option Plans at the discretion of the Board ("Participants").

Stock Subject to ISO and NSO Plans. Shares of stock reserved and available for grants under the NSO Plan are 199,264 shares of our common stock of the Company and for grants under the ISO Plan are 3,349,437 shares of our common stock. The Board may in its discretion make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under the 2005 Option Plans.

Purchase Price. The purchase price per share of common stock purchasable under the NSO Plan shall be determined by our board if directors at the time of grant. The purchase price per share of common stock purchasable under the ISO Plan shall not be less than 100% of the fair market value per share on the date of grant as determined by the Board.

Adjustments. The Board may make or provide for a fair and proportionate adjustment in the number, price and kind of common stock underlying the option in order to maintain the proportional interests of the Participants and preserve the value of the option granted in the event of any recapitalization, stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, stock exchange or other transaction or event in which shares are increased, decreased, changed into or exchanged for other securities of the Company or of another entity. Any adjustment must be made without changing the aggregate purchase price of the option. Fractional shares will not be issued on account of any such adjustments.

Exercisability. Options will vest and become exercisable at such time or times and subject to such terms and conditions as shall be determined by the Board. The Board may at any time accelerate the vesting of any option.

Method of Exercise. Vested options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to us in such form as we provide. Notice will be accompanied by full payment of the purchase price in a form acceptable to us. No shares of common stock will be issued until the Participant has made full payment therefor and, if requested, has entered into a shareholders' agreement in such form as we provide.

Successors and Assigns. No option granted under the 2005 Option Plans shall be assignable or otherwise transferable by the Participant other than (1) by will or by the laws of descent and distribution, or (2) in the case of the NSO Plan, (A) pursuant to a qualified domestic relations order or (B) by Board authorization subject to the transferee agreement in writing to be bound by the NSO Plan and any related option agreement. No common stock purchased under the NSO Plan or related option agreement shall be assignable or otherwise transferable by the holder without the prior written consent of the Company.

Company Call Option. On receipt of written notice of exercise, the Board may elect to cash out all or part of the portion of the shares of our common stock for which an option is being exercised. In that event, the Board shall pay the Participant an amount, in cash or common stock, at the discretion of the Board, equal to the excess of the fair market value of the common stock over the option price times the number of shares of common stock for which the option is being exercised on the effective date of such cash-out. In the event we make an initial public offering under the Securities Act, of any of our outstanding shares of common stock (a "Public Offering"), our call option will terminate upon the completion of the Public Offering.

Mergers, Reorganizations and other Capital Transactions. The 2005 Stock Option Plans provide for acceleration in the event of a merger, reorganization or change of control (as defined in the Plan), unless the Options are assumed or substituted.

Amendment and Termination. The Board may amend, alter, or discontinue the 2005 Option Plans in its discretion. If any of the 2005 Option Plans is discontinued, granted stock options outstanding as of the date of such discontinuation shall not be affected or impaired. If the employment of a Participant terminates for any reason, any option held by that Participant may thereafter be exercised only in accordance with the terms and conditions established by the applicable option agreement.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Review, Approval or Ratification of Transactions with Related Persons

Our policy is to require that any transaction with a related party is required to be reviewed and approved by our audit committee.

Management Agreements

We and certain members of senior management have entered into employment agreements. Certain of these terms and conditions are more fully described in "Executive Compensation—Employment Agreements."

Stockholders' Agreement

On December 28, 2005, we, the Majority Holders, the founders and those executives who entered into employment agreements entered into a stockholders' agreement that contain the following provisions among others:

- a right to designate a certain number of directors to the Board and the board of directors of our subsidiaries;
- limitations on transfers of common stock;
- customary tag along rights for the founders and our executives who enter into employment agreements;
- the ability of the Majority Holders to "drag-along" common stock of our holding company held by the founders and our executives who enter into employment agreements under certain circumstances;
- customary demand registration rights for the founders and piggyback registration rights for the Founders and those executives entering into employment agreements;
- restrictions on certain affiliate transactions;
- restrictions on dividends, redemptions and repurchases with respect to our common stock prior to an initial public offering subject to certain exceptions; and
- a preemptive right of the founders and those executives who enter into employment agreements to purchase a pro rata portion of any new securities we offer.

Other Arrangements

As of March 31, 2007, we had the aggregate principal amount of $2,279,000 in loans outstanding to employees.

Linsco provides GPA, an entity under common control by stockholders of the Company, with personnel and certain other operational and administrative support services pursuant to the terms and consideration outlined in services agreements amended on October 27, 2005. For the years ended December 31, 2006, 2005, and 2004 Linsco earned $244,000, $364,000, and $258,000 in annual fees, respectively, under such agreements.

Director Independence

We have determined that one of our directors, Mr. Stiefler, would be considered independent under the standards set forth by our internal policy including relationships with affiliates, prior employment or other compensatory relationships with the Company.

ITEM 8. LEGAL PROCEEDINGS

We are presently and regularly involved in legal proceedings in the ordinary course of our business, including lawsuits, arbitration claims, regulatory and/or governmental subpoenas, investigations and actions, and other claims. Many of our legal proceedings are consumer initiated and involve the purchase or sale of investment securities. In addition, on October 13, 2005, we received a "Wells" notice from the NASD's Department of Enforcement. The notice advised us that the NASD staff had made a preliminary determination to recommend disciplinary action for potential violations of NASD Conduct Rule 2210. The staff alleged that we failed to maintain adequate supervisory procedures regarding the exchange of variable annuities. On December 21, 2006, the NASD accepted our Corrective Action Statement and Letter of

Acceptance, Waiver and Consent ("AWC") with respect to the matter. Under the AWC, and without admitting or denying the findings, we consented to a fine of $300,000.

We believe that none of our current legal proceedings will have a material adverse impact on our business, results of operations, cash flows or financial condition.

We cannot predict at this time the effect that any future legal proceeding will have on our business. Given the current regulatory environment and our business operations throughout the country, it is likely that we will become subject to further legal proceedings. Our ultimate liability, if any, in connection with any future such matters is uncertain and is subject to contingencies not yet known.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON HOLDINGS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is no established trading market for our common equity.

Holders

We have 42 holders of our common stock.

Dividends

Prior to the Transaction, we paid dividends. In 2005, the Company declared and paid dividends in the amount of $55.09 million. Subsequent to the Transaction, no dividends have been paid nor do we plan on paying dividends in the future.

For a description of restrictions on our ability to pay dividends on the common equity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness" and "Risk Factors—Risk Factors Related to Our Bonus Credit and Our Common Stock—Holdings does not expect to pay dividends on our common stock in the foreseeable future."

Equity Compensation Plan Information

The table below sets forth as of December 31, 2006 information on compensation plans under which our equity securities are authorized for issuance:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (c)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	2,104,795	$ 17.10	1,163,185
Total	2,104,795	$ 17.10	1,163,185

As of December 31, 2006, we issued and have outstanding bonus credits to acquire 740,693 shares of our common stock. The bonus credits have no exercise price, and the plan relating to the bonus credit has not been approved by security holders. See "Description of Registrant's Securities to be Registered."

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

The following information relates to all securities issued or sold by us within the past three years and not registered under the Securities Act. Each of the transactions described below was conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Section 4(2), on the basis that such transactions did not involve a public offering, and on Rule 701 promulgated under Section 3(b), which related to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans. There were no underwriters employed in connection with any of the transactions set forth in this Item 10.

- On May 31, 2004, we issued options to members of our management team to purchase up to an aggregate total of 820,270 shares of the our common stock, including 793,783 shares pursuant to our 2005 Incentive Stock Option Plan and 26,487 shares pursuant to our 2005 Non Qualified Incentive Stock Option Plan. The exercise price per share was $14.93. No consideration was paid to the registrant by any recipient of any of the foregoing options for the grant of stock options. The transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.
- On November 30, 2004, we issued options to members of our management team to purchase up to an aggregate total of 9,415 shares of our common stock pursuant to our 2005 Incentive Stock Option Plan. The exercise price per share was $23.03. No consideration was paid to the registrant by any recipient of any of the foregoing options for the grant of stock options. The transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.
- On June 1, 2005, we issued options to members of our management team to purchase up to an aggregate total of 72,715 shares pursuant to our 2005 Incentive Stock Option Plan. The exercise price per share was $23.83. The transactions were conducted in reliance upon the available exemptions

from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.

- On December 27, 2005, we issued options to members of our management team to purchase up to an aggregate total of 1,001 shares of our common stock pursuant to our 2005 Incentive Stock Option Plan. The exercise price per share was $103.00. No consideration was paid to the registrant by any recipient of any of the foregoing options for the grant of stock options. The transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.
- On December 28, 2005, LPL Holdings, Inc. issued and sold $550.0 million aggregate principal amount of senior secured 10.75% Notes due 2015 pursuant to Rule 144A and Regulation S under the Securities Act. Of this total, $220.0 were purchased by affiliates of Goldman, Sachs & Co. in a separate transaction (the "GS Mezzanine Purchasers"), and the initial purchaser for the remaining $330.0 Goldman, Sachs & Co. The obligations of our subsidiary under the notes are jointly and several guaranteed by us and certain of our existing and future wholly owned domestic subsidiaries. For more information on our senior subordinated notes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Senior Unsecured Subordinated Notes."

- On June 30, 2006, we issued options to members of our management team to purchase up to an aggregate total of 2,800 shares of the our common stock, including 1,000 shares pursuant to our 2005 Incentive Stock Option Plan and 1,800 shares pursuant to our 2005 Non Qualified Incentive Stock Option Plan. The exercise price per share was $103.19. No consideration was paid to the registrant by any recipient of any of the foregoing options for the grant of stock options. The transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.
- On December 7, 2006, we issued options to members of our management team to purchase up to an aggregate total of 8,000 shares of the our common stock, including 7,500 shares pursuant to our 2005 Incentive Stock Option Plan and 500 shares pursuant to our 2005 Non Qualified Incentive Stock Option Plan. The exercise price per share was $158.47. No consideration was paid to the registrant by any recipient of any of the foregoing options for the grant of stock options. The transactions were conducted in reliance upon the available exemptions from the registration requirements of the Securities Act, including those contained in Rule 701 promulgated under Section 3(b), which relates to exemptions for offers and sales of securities pursuant to certain compensatory benefit plans.
- On January 2, 2007, we issued and sold to certain employees of UVEST an aggregate of 60,366 shares of common stock based on a stock valuation of $158.47 per share, and an aggregate of 6,582 shares of common stock based on a stock valuation of $189.00 per share.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

This summary of our Fourth Amended and Restated 2000 Stock Bonus Plan and related bonus credits is not complete, and is qualified by reference to the Fourth Amended and Restated 2000 Stock Bonus Plan and our certificate of incorporation and bylaws. You should read this summary together with our Fourth Amended and Restated 2000 Stock Bonus Plan, certificate of incorporation and bylaws, which are attached as exhibits to this registration statement.

Overview of our Capital Stock

Our authorized capital consists of 20,000,000 shares of common stock, par value $0.01 per share. As of the date hereof, we have a total of 8,284,360.19 outstanding shares of common stock. As of the date hereof, our outstanding common stock is held by 42 stockholders. Additionally, as of the date hereof, we have granted options to acquire 2,104,795 shares of our common stock to approximately 128 of our employees and bonus credits in respect of another 740,693 shares of our common stock to approximately 875 registered representatives.

The Fourth Amended and Restated 2000 Stock Bonus Plan Relating to Bonus Credits

The bonus credits, which are a type of restricted stock units, have been granted under our Fourth Amended and Restated 2000 Stock Bonus Plan, as amended (the "Plan"), to licensed, IFAs, also referred to as registered representatives, of our wholly owned and principal operating subsidiary, LPL.

The Plan does not provide for any types of awards other than bonus credits. The Plan specifies all of the material terms of each bonus credit, including vesting provisions, stock delivery terms and restrictions on transfer. Each bonus credit is documented by an individual bonus credit award agreement between us and the registered representative, stating the number of granted bonus credits and incorporating provisions of the Plan.

Purpose. The Plan is not designed to raise capital. Rather, the intent of the Plan is to aid us in attracting, motivating and retaining service providers of outstanding ability by offering such service providers an opportunity to receive grants of stock-based awards, thereby increasing their personal interest in our growth and success.

Shares available for issuance. The Board has to date approved the issuance of not more than 771,693 shares of our common stock pursuant to the bonus credits in compensatory circumstances only. The Board has authority to issue additional bonus credits under the Plan up to the limit of our authorized capital.

Eligibility. The Plan is a voluntary, non-contributory bonus credit bonus plan in which all registered representatives are eligible to participate. Registered representatives who participate in the Plan are limited to "de facto" employees to whom bonus credit awards are compensatory in nature and eligible for the exemption from the registration requirements set forth under Section 5 of the Securities Act provided by Rule 701. The number of bonus credits subject to each grant is determined by a formula specified in the Plan and based on production and tenure levels. The bonus credits were generally awarded to a group consisting of those registered representatives whose sales and service fees, in the aggregate, represent not less than the top 50% of gross commissions and advisory services fees generated by all eligible registered representatives in the aggregate during the 52-week period ending September 30, 2005 (the "Award Year"). The lowest qualifying registered representative's gross commissions and advisory fees generated during the Award Year was

$310,058. No payment or other tangible consideration was, is to be paid or is payable by any registered representative in connection with its receipt of common stock in respect of its bonus credits.

Administration. The Plan is administered by the Board, although the Board has the discretion to delegate some or all of this authority to administer the Plan to a committee of the Board. To achieve its purposes, the Plan calls for the awarding of bonus credits to registered representatives based on certain production levels and tenure specified for all registered representatives collectively.

Bonus Credits. Each bonus credit represents the right to receive one share of our common stock only upon the occurrence of a Liquidity Event, as described below. The terms of the bonus credits do not allow the holder to choose if or when to become holders of our common stock (i.e. the bonus credits are not "exercisable"), and the common stock is automatically deliverable by us upon the occurrence of the Liquidity Event.

Vesting Schedule. Each registered representative's right to the bonus credits granted to it are subject to a three-year vesting schedule. One-third of the bonus credits will vest each year, with the first tranche vesting on December 28, 2006, the second tranche on December 28, 2007 and the third tranche vesting on December 28, 2008.

If a registered representative's agreement with us is terminated prior to the final vesting date or prior to the retirement of the registered representative, the unvested bonus credits forfeit (except in the case of a death of the registered representative, in which case all bonus credits will become fully vested). Vested bonus credits, on the other hand, are forfeited upon termination of a registered representative's agreement such that the holder remains eligible to receive common stock upon the occurrence of the contingent future event.

Liquidity Event. To the extent a bonus credit is vested, we deliver one share of its common stock to the Registered Representatives upon the first to occur of the following events (the "Liquidity Event"):

- a sale of all or substantially all of our business or assets or of our subsidiary LPL that also constitutes a change in control event under Section 409A of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or the regulations thereunder, and

- 180 days following an initial public offering of our common stock underwritten on a firm commitment basis by a nationally recognized investment banking firm pursuant to a registration statement filed with, and declared effective by, the Commission (an "IPO").

To the extent a bonus credit is not vested upon the occurrence of the Liquidity Event, then unvested bonus credits initially remain outstanding. Once such bonus credits become vested, however, we deliver one share of our common stock to the registered representatives in respect of each such vested bonus credit.

Following our delivery of shares of common stock in respect of the bonus credits, the bonus credits cease to represent any further rights (and therefore cease to be outstanding) because the registered representatives will be our shareholders. If the Liquidity Event never occurs, then the registered representatives will never receive shares of common stock in respect of the bonus credits.

Rights. The holders of bonus credits granted under the Plan will have no voting, redemption or liquidation or other rights as our shareholder prior to delivery of the shares of common stock following the Liquidity Event.

Transfer Restrictions. Bonus credits granted under the Plan are not transferable other than by will or by the laws of descent and distribution upon the death of the registered representative, unless otherwise permitted by the Board, which has not permitted any transfer of bonus credits to date. The Board has not granted any bonus credits under the Plan with terms which are different than those described in this..

There is no market or periodically available process or methodology that would allow holders of bonus credits granted under the Plan to receive any consideration or compensation for these bonus credits at any time.

Amendment and Termination; Term. The Board may amend, alter or terminate the Plan in its sole discretion. No amendment may materially and adversely affect or impair any of the rights of a participant under any bonus credits outstanding as of the date of such amendment. Unless the Board terminates the Plan at an earlier date, the Plan terminates ten years from the effective date of the Plan, December 28, 2000 (although the then-outstanding bonus credits will continue to remain outstanding).

Anti-takeover Effects of the Delaware General Corporation Law and our Certificate of Incorporation and Bylaws

Our certificate of incorporation and our bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the Board, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the Board the power to discourage acquisitions that some stockholders or holders of bonus credits may favor.

Board of Directors

Our bylaws provide that the number of directors will be fixed from time to time solely pursuant to a resolution adopted by the whole Board. As of the date of this registration statement, the Board has seven members.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our bylaws provides for a staggered board, meaning that our directors are divided, with respect to the time for which they hold office, into three classes, with the term of each class expiring on different years and every three years. Our bylaws provide that special meetings of the stockholders may be called only

upon the request of the chairman of the Board or by the Board pursuant to a resolution adopted by a majority of the "whole board" (as defined in our bylaws). Our bylaws prohibits the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee of the Board. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by the stockholders. Our bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of our company.

Business Combinations under Delaware Law

Section 203 of the Delaware General Corporation Law ("DGCL") does not apply to our company because we do not have a class of stock that is listed on a national securities exchange, authorized for quotation on The NASDAQ Stock Market or held of record by more than 2,000 stockholders. Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the stockholder became an interested stockholder, subject to certain exceptions, including if, prior to such time, the Board approved the business combination or the transaction which resulted in the stockholder becoming an interested stockholder. "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (unlawful dividends); or
- for transactions from which the director derived improper personal benefit.

Our certificate of incorporation and bylaws provide that we shall indemnify our directors and officers to the fullest extent permitted by law. We and our subsidiary LPL Holdings, Inc. have entered into indemnification agreements with certain of our directors and officers providing for indemnification by reason of being our director or officer, as the case may be. We are also expressly authorized to carry directors' and officers' insurance providing indemnification for our directors, officers and certain

employees and agents for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our certificate of incorporation, bylaws and agreements with certain directors and officers may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Federal Income Tax Information

Under the Internal Revenue Code, restricted stock units (and the bonus credits are bonus credits) generally are not subject to Federal income taxation until the underlying shares are actually delivered to the bonus credit recipient (which, in this case, will not occur until after both vesting and the occurrence of the Liquidity Event).

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 102(b)(7) of the DGCL enables a corporation in its original certificates of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for liability of directors for unlawful payment of dividends or unlawful stock purchase or redemptions pursuant to Section 174 of the DGCL or (iv) for any transaction from which a director derived an improper personal benefit. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL.

Section 145(a) of the DGCL provides in relevant part that a corporation may indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful.

Section 145(b) of the DGCL provides in relevant part that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the

person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue

or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation and bylaws generally provide that we will indemnify our directors and officers to the fullest extent permitted by law. We and our subsidiary LPL Holdings, Inc. have also entered into indemnification agreements with certain of our directors and officers. Such agreements generally provide for indemnification by reason of being our director or officer, as the case may be. These agreements are in addition to the indemnification provided by our and LPL Holdings, Inc. charters and bylaws.

We also obtained officers' and directors' liability insurance which insures against liabilities that officers and directors of the registrant may, in such capacities, incur. Section 145(g) of the DGCL provides that a corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under that section.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our financial statements appearing on pages F-1 through F-39 are incorporated herein by reference.

	Year Ended December 31, 2006 (unaudited)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year Ended
			(in thousands)		
Revenues	$ 404,403	$ 440,023	$ 420,845	$ 474,665	$ 1,739,936
Revenues—net	404,351	439,879	420,793	474,612	1,739,635
Gross margin	118,782	124,712	124,704	140,633	508,831
Income from continuing operations	4,657	10,499	5,206	13,280	33,642
Net income	4,657	10,499	5,206	13,280	33,642

	Year Ended December 31, 2005 (unaudited)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year Ended
			(in thousands)		
Revenues	$ 331,176	$ 347,122	$ 360,377	$ 368,621	$ 1,407,296
Revenues—net	330,836	346,772	360,166	368,546	1,406,320
Gross margin	96,041	101,515	106,492	103,947	407,995
Income from continuing operations	21,981	21,430	7,347	18,531	69,289
Net income (loss)	21,981	21,430	7,347	(7,669)	43,089

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

Our financial statements appearing on pages F-1 through F-39 are incorporated herein by reference.

(b) Exhibits

Exhibit No.	Description of Exhibit
3.1	Certificate of Incorporation of LPL Investment Holdings Inc.
3.2	Amendment to the Certificate of Incorporation of LPL Investment Holdings Inc., dated December 20, 2005
3.3	Amendment to the Certificate of Incorporation of LPL Investment Holdings Inc., dated March 10, 2006
3.4	Bylaws of LPL Investment Holdings Inc.
4.1	Indenture, dated December 28, 2005, between LPL Holdings, Inc., each of the Guarantors party thereto and Wells Fargo Bank, N.A., as trustee
4.2.	First Supplemental Indenture, dated as of May 10, 2006, among LPL Holdings, Inc., LPL Investment Holdings Inc., the other Guarantors party thereto and Wells Fargo Bank, N.A., as trustee
4.3	Form of Stock Bonus Agreement under the Fourth Amended and Restated LPL Investment Holdings Inc. 2000 Stock Bonus Plan
4.4	Fourth Amended and Restated LPL Investment Holdings Inc. 2000 Stock Bonus Plan

10.1	Amended and Restated Credit Agreement, dated as of December 29, 2006, by and among LPL Investment Holdings Inc., LPL Holdings, Inc., Goldman Sachs Credit Partners L.P., as sole lead arranger, sole bookrunner and syndication agent, and the several lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc. as administrative agent, and Morgan Stanley & Co. as collateral agent.
10.2	2005 Stock Option Plan for Incentive Stock Options
10.3	2005 Stock Option Plan for Non-Qualified Stock Options
10.4	Executive Employment Agreement between Mark S. Casady and LPL Holdings, Inc., dated December 28, 2005
10.5	Indemnification Agreement between the Company, LPL Holdings, Inc., and Mark S. Casady, dated December 28, 2005
10.6	Executive Employment Agreement between Esther M. Stearns and LPL Holdings, Inc., dated December 28, 2005
10.7	Indemnification Agreement between the Company, LPL Holdings, Inc., and Esther M. Stearns, dated December 28, 2005
10.8	Executive Employment Agreement between C. William Maher and LPL Holdings, Inc., dated December 28, 2005
10.9	Indemnification Agreement between the Company, LPL Holdings, Inc., and C. William Maher, dated December 28, 2005
10.10	Executive Employment Agreement between William E. Dwyer III and LPL Holdings, Inc., dated December 28, 2005

10.11	Indemnification Agreement between the Company, LPL Holdings, Inc., and William E. Dwyer III, dated December 28, 2005
10.12	Executive Employment Agreement between Steven M. Black and LPL Holdings, Inc., dated December 28, 2005
10.13	Indemnification Agreement between the Company, LPL Holdings, Inc., and Steven M. Black, dated December 28, 2005
21.1	List of Subsidiaries of LPL Investment Holdings Inc.

SIGNATURE

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

LPL INVESTMENT HOLDINGS INC.

By: /s/ MARK S. CASADY
Mark S. Casady
Chairman and Chief Executive Officer

Dated: April 30, 2007

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
LPL Investment Holdings Inc.
Boston, Massachusetts

We have audited the accompanying consolidated statements of financial condition of LPL Investment Holdings Inc. and subsidiaries (the "Company") as of December 31, 2006 and 2005, the related consolidated statements of income, stockholders' equity, and cash flows for the year ended December 31, 2006, and the related consolidated statement of stockholders' equity for the period from December 28, 2005 through December 31, 2005. We have also audited the consolidated statements of income, stockholder's equity, and cash flows of LPL Holdings, Inc. and subsidiaries ("Predecessor") for each of the two years in the period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the year ended December 31, 2006, and the results of operations and cash flows of the Predecessor for each of the two years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123R—*Share-Based Payment*, effective January 1, 2006.

/s/ Deloitte & Touche LLP

Costa Mesa, California
April 28, 2007

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2006 AND 2005
(Dollars in thousands)

	2006	2005
ASSETS		
Cash and cash equivalents	$ 245,163	$ 134,592
Cash and securities segregated under federal and other regulations	52,178	20,920
Receivable from:		
Customers, net of allowance of $202 in 2006 and $123 in 2005	326,376	249,656
Product sponsors, broker-dealers, and clearing organizations	89,706	94,234
Others, net of allowances of $2,590 in 2006 and $2,529 in 2005	52,088	34,042
Securities owned:		
Marketable securities(1)—at market value	9,524	8,475
Other securities—at amortized cost	10,635	3,042
Securities borrowed	12,686	6,439
Mortgage loans held for sale—net	4,362	807
Fixed assets, net of accumulated depreciation and amortization of $90,731 in 2006 and $54,945 in 2005	121,594	134,764
Income taxes receivable	—	54,037
Debt issuance costs, net of accumulated amortization of $4,564 in 2006 and $50 in 2005	26,469	30,399
Goodwill	1,249,159	1,245,764
Intangible assets, net of accumulated amortization of $31,245 in 2006 and $1,942 in 2005	535,289	564,592
Trademark and trade name	39,819	39,819
Interest rate swaps	3,188	—
Prepaid expenses	15,423	11,517
Other assets	3,885	5,387
Total assets	$2,797,544	$2,638,486

(1) Includes $2,643 and $2,353 pledged to clearing organizations at December 31, 2006 and 2005, respectively.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Continued)
AS OF DECEMBER 31, 2006 AND 2005
(Dollars in thousands, except par value)

	2006	2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Warehouse lines of credit	$ 3,718	$ 794

Drafts payable	104,344	88,230
Payable to customers	294,574	195,106
Payable to broker-dealers and clearing organizations	30,354	18,688
Accrued commissions and advisory fees payable	70,096	54,343
Accounts payable and accrued liabilities	34,381	53,443
Income taxes payable	969	—
Unearned revenue	31,113	25,519
Securities sold but not yet purchased—at market value	10,806	4,888
Senior credit facilities and subordinated notes	1,344,375	1,345,000
Deferred income taxes—net	245,897	264,051
Total liabilities	2,170,627	2,050,062
COMMITMENTS AND CONTINGENCIES (Note 17)		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value; 20,000,000 shares authorized; 8,284,360 shares issued and outstanding at December 31, 2006, and 8,281,523 shares issued and outstanding at December 31, 2005	83	83
Additional paid-in capital	591,254	588,341
Accumulated other comprehensive income	1,938	—
Retained earnings	33,642	—
Total stockholders' equity	626,917	588,424
Total liabilities and stockholders' equity	$ 2,797,544	$ 2,638,486

See notes to consolidated financial statements.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004

(Dollars in thousands)

		Predecessor	
	2006	2005	2004
REVENUES:			
Commissions	$ 890,489	$ 744,939	$ 640,128
Advisory fees	521,058	399,363	301,090
Asset-based fees	147,364	107,726	89,561
Transaction and other fees	134,496	125,844	104,168
Interest income	28,402	17,719	12,829
Other	18,127	11,705	9,609
Total revenues	1,739,936	1,407,296	1,157,385
EXPENSES:			
Commissions and advisory fees	1,213,603	982,814	806,972
Compensation and benefits	137,401	142,372	127,997
Depreciation and amortization	65,348	17,854	15,798
Promotional	36,060	31,122	23,918
Occupancy and equipment	26,212	22,924	21,744
Communications and data processing	21,423	18,891	17,777
Brokerage, clearing, and exchange	17,502	16,487	14,716
Regulatory fees and expenses	15,176	15,579	12,518
Professional services	14,884	22,729	11,168
Other	12,057	18,410	35,426
Total noninterest expenses	1,559,666	1,289,182	1,088,034
Interest expense from brokerage operations and mortgage lending	301	976	1,447
Interest expense from senior credit facilities and subordinated notes	125,103	1,388	—
Total expenses	1,685,070	1,291,546	1,089,481
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	54,866	115,750	67,904
PROVISION FOR INCOME TAXES	21,224	46,461	32,552
INCOME FROM CONTINUING OPERATIONS	33,642	69,289	35,352
LOSS FROM DISCONTINUED OPERATIONS:			
Loss from cumulative effect of change in accounting principle related to discontinued operations	—	(12,909)	—
Loss from discontinued operations	—	(13,291)	—
Total loss from discontinued operations (see Note 12)	—	(26,200)	—

NET INCOME	$ 33,642	$ 43,089	$ 35,352

See notes to consolidated financial statements.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006 AND FOR THE PERIOD FROM DECEMBER 28, 2005 THROUGH DECEMBER 31, 2005 AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004 (PREDECESSOR)

(Dollars in thousands)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
BALANCE—December 31, 2003 (Predecessor)	$ 9	$ 22,132	$ —	$ 180,984	$ 203,125
Net income				35,352	35,352
Share-based compensation		20,463			20,463
Dividends paid				(61,689)	(61,689)
BALANCE—December 31, 2004 (Predecessor)	9	42,595	—	154,647	197,251
Comprehensive income:					
Income from continuing operations				69,289	69,289
Loss from discontinued operations				(26,200)	(26,200)
Total comprehensive income					43,089
Share-based compensation		8,807			8,807
Exercise of stock options		870			870
Distribution to Class A common stockholder (Notes 12 and 20)				(5,104)	(5,104)
Net liabilities assumed by Class A common stockholder (Note 20)		383			383
Dividends paid				(55,086)	(55,086)
Leverage buyout transaction	(9)	344,881			344,872
Tax benefit from stock options exercised		53,342			53,342
BALANCE—December 31, 2005 (Predecessor)	$ —	$ 450,878	$ —	$ 137,546	$ 588,424
Issuance of 8,281,523 shares of common stock at par value in leverage buyout transaction on December 28, 2005 (Note 3)	$ 83	$ 588,341	$ —	$ —	$ 588,424
BALANCE—December 31, 2005	83	588,341	—	—	588,424
Comprehensive income:					
Net income				33,642	33,642
Change in unrealized gains on interest rate swaps, net of tax expense of $1,250 (Note 15)			1,938		1,938
Total comprehensive income					35,580
Share-based compensation		2,878			2,878
Exercise of stock options		35			35
BALANCE—December 31, 2006	$ 83	$ 591,254	$ 1,938	$ 33,642	$ 626,917

See notes to consolidated financial statements.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004

(Dollars in thousands)

		Predecessor	
	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 33,642	$ 43,089	$ 35,352
Loss from discontinued operations	—	26,200	—

Income from continuing operations	33,642	69,289	35,352
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash items:			
Depreciation and amortization	65,348	17,854	15,798
Amortization of debt issuance costs	4,514	50	—
Loss on disposal of fixed assets	154	656	338
Share-based compensation	2,878	8,807	20,463
Tax benefit related to stock options exercised	—	53,342	—
Provision for bad debts	475	947	310
Deferred income tax provision	(19,404)	(2,045)	(6,342)
Impairment of goodwill	—	3,163	—
Impairment of non-marketable equity investment in affiliate	—	—	12,228
Other	(539)	(209)	64
Mortgage loans held for sale:			
Originations of loans	(68,878)	(66,978)	(20,080)
Proceeds from sale of loans	65,947	70,379	21,041
Gain on sale	(636)	(1,220)	(648)
Changes in operating assets and liabilities:			
Cash and securities segregated under federal and other regulations	(31,258)	37,697	(1,299)
Receivable from customers	(76,799)	(44,573)	(38,583)
Receivable from sponsors, broker-dealers and clearing organizations	4,528	(26,952)	(15,612)
Receivable from others	(18,442)	(4,770)	(7,460)
Securities owned	(743)	(1,470)	(135)
Securities borrowed	(6,247)	(458)	(3,045)
Prepaid expenses	(3,906)	(573)	(1,012)
Other assets	1,577	(873)	(1,172)
Drafts payable	16,114	2,150	20,169
Payable to customers	99,468	45,224	5,983
Payable to broker-dealers and clearing organizations	11,666	(12,982)	10,310
Accrued commissions and advisory fees payable	15,753	8,815	10,340
Accounts payable and accrued liabilities	(19,109)	12,048	8,467
Unearned revenue	5,594	6,069	5,398
Securities sold but not yet purchased	5,918	1,446	1,985
Income taxes payable/receivable	51,611	(56,838)	(1,313)
Net cash provided by operating activities	139,226	117,995	71,545

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

		Predecessor	
	2006	2005	2004
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	$ (23,038)	$ (19,424)	$ (14,336)
Proceeds from disposal of fixed assets	9	20,318	5,147
Purchase of other securities classified as held to maturity	(38,490)	(3,836)	(2,038)
Proceeds from maturity of other securities classified as held-to-maturity	31,114	3,100	2,045
Acquisition of mortgage, broker-dealer, and insurance companies—net of existing cash balance	—	(2,020)	(7,783)
Contribution to nonmarketable equity investments in affiliate	—	—	(21,247)
Proceeds from disposal of nonmarketable equity investment	—	112	—
Cash used in investing activities—continuing operations	(30,405)	(1,750)	(38,212)
Cash used in investing activities—discontinued operations	—	(9,050)	—
Net cash used in investing activities	(30,405)	(10,800)	(38,212)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of bank loans	—	(25,049)	(5,806)
Repayment of senior credit facilities	(50,625)	—	—
Proceeds from issuance of senior notes	50,000	—	—
Payment of debt issuance costs	(584)	(30,449)	—
Proceeds from stock options exercised	35	870	—
Proceeds from warehouse lines of credit	68,862	66,791	19,820
Repayment of warehouse lines of credit	(65,938)	(68,955)	(20,146)

Proceeds from issuance of senior notes for acquisition of LPL Holdings, Inc.	—	1,345,000	—
Purchase of stock by LPL Investment Holdings Inc.	—	740,742	—
Repurchase of stock and stock appreciation rights related to leverage buyout transction and related acquisition costs	—	(2,077,256)	—
Cash proceeds from selling stockholders for transaction costs	—	17,350	—
Dividends paid	—	(55,086)	(61,277)
Net cash provided by (used in) financing activities	1,750	(86,042)	(67,409)

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004
(Dollars in thousands)

		Predecessor	
	2006	2005	2004
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 110,571	$ 21,153	$ (34,076)
CASH AND CASH EQUIVALENTS—Beginning of year	134,592	113,439	147,515
CASH AND CASH EQUIVALENTS—End of year	$ 245,163	$ 134,592	$ 113,439
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	$123,390	$998	$1,437
Income taxes paid	$10,578	$52,019	$40,370
NONCASH DISCLOSURE:			
Purchase accounting adjustment to goodwill	$ 3,395		
Liabilities assumed by Class A common stockholder, recorded as a contribution in accompanying consolidated statements of stockholders' equity		$ 383	
Step up in basis of assets due to Acquisition, net of deferred tax liability of $268,119		$ 1,664,037	
Loss on disposal of variable interest entity sold to Class A common stockholder, recorded as a distribution in the accompanying consolidated statements of stockholders' equity		$ (4,693)	
Loss on fixed assets sold to Class A common stockholder, recorded as a distribution in the accompanying consolidated statements of stockholders' equity		$ (411)	$ (412)
Note assumed to acquire mortgage company (see Note 10)			$ 1,132

See notes to consolidated financial statements.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004

1. ORGANIZATION AND DESCRIPTION OF THE COMPANY

LPL Investment Holdings Inc. ("LPLIH"), a Delaware holding corporation, together with its consolidated subsidiaries (collectively, the "Company") is a provider of brokerage, investment advisory and infrastructure services to independent financial advisors ("IFAs") and financial institutions in the United States. The Company provides access to a broad array of financial products and services for IFAs to market to their clients, as well as a technology and service platform to enable IFAs to more efficiently operate their practices.

On December 28, 2005, LPL Holdings, Inc. ("LPLH"), a Massachusetts holding corporation, and its subsidiaries were acquired through a merger transaction with BD Acquisition Inc., a wholly owned subsidiary of LPLIH (previously named BD Investment Holdings, Inc.). LPLIH was formed by investment funds affiliated with TPG Partners IV, L.P., and Hellman & Friedman Capital Partners V, L.P. (collectively, the "Majority Holders"). The acquisition was accomplished through the merger of BD Acquisition, Inc. with and into LPLH, with LPLH being the surviving entity (the "Acquisition").

Description of Business—As a result of the Acquisition discussed above, LPLIH owns 100% of the issued and outstanding common stock of LPLH, which owns Linsco/Private Ledger Corp. ("Linsco"), Independent Advisers Group Corporation ("IAG"), Innovex Mortgage, Inc. ("Innovex"), and Linsco/Private Ledger Insurance Associates, Inc. ("LPL Insurance Associates"). LPLH is also a majority stockholder in Private Trust Company Holdings, Inc. ("PTCH"), and owns 100% of the issued and outstanding voting common stock. As required by the Office of the Comptroller of the Currency, members of the Board of Directors of PTCH own eight shares of non-voting common stock in PTCH.

Linsco, headquartered in Boston and San Diego, is a clearing broker-dealer registered with the National Association of Securities Dealers, Inc. ("NASD") and the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 and an investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940. Linsco is also registered as a Futures Commission Merchant with the Commodity Futures Trading Commission and is a member of the National Futures Association. Additionally, Linsco is a member of the Boston Stock Exchange.

Linsco principally transacts business as an agent on behalf of customers in mutual funds, stocks, fixed income instruments, commodities, options, private and public partnerships, variable annuities, real estate investment trusts, and other investment products. Linsco is licensed to operate in all 50 states and Puerto Rico and has an independent contractor sales force of approximately 7,000 registered IFAs dispersed throughout the United States.

IAG is an investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940, which offers an investment advisory platform for customers of financial advisors working for other financial institutions.

PTCH is a holding company for The Private Trust Company, N.A. ("PTC"). PTC has been chartered as a national bank with limited trust powers since August 1995, providing a wide range of trust, investment management, and custodial services for estates and families. PTC also provides Individual Retirement Account ("IRA") custodial services for its sister company, Linsco.

Innovex conducts real estate mortgage banking and brokerage activities. Innovex's primary business is originating residential mortgage loans for customers of IFAs who do business through its sister company, Linsco, throughout the United States. Innovex originates, underwrites, and funds a variety of mortgage and

home equity loan products to suit the needs of borrowers. Innovex's revenues are derived from the referral of loans to lenders and the origination and sale of residential real estate loans for placement in the secondary market. Innovex is a Housing and Urban Development ("HUD") approved Title II non-supervised mortgagee.

LPL Insurance Associates is a Delaware corporation that operates as a brokerage-general agency for fixed insurance sales and services.

Main Street Management Company was a Connecticut corporation that previously operated under the Company as an introducing broker-dealer for securities and other investments. In conjunction with its acquisition by the Company, Main Street's IFAs either transferred to Linsco or to other nonaffiliated broker-dealers. During 2004, Main Street ceased operations and withdrew its membership with the NASD as a broker-dealer. In June 2005, Main Street dissolved as a legal entity.

Glenoak was a single-purpose limited liability company that previously operated under the Company by providing travel assistance and operations for executives of the Company and its affiliates. In addition, Glenoak engaged in the consultation on and strategic planning of various business ventures. In August 2005, Glenoak sold all of its assets and ceased operations (see Note 20).

Through October 2005, the Company also held investments in affiliated companies named GPA Group, Inc. and Global Portfolio Advisors, Ltd. GPA Group, Inc. is a Delaware corporation that acts as a holding company for Global Portfolio Advisors, Ltd. (collectively, referred to as "GPA"), which controls subsidiary broker-dealer operations in Luxembourg and Japan, as well as technology development operations in Canada. In October 2005, the Company sold all of its interest in GPA to an entity controlled by the Company's controlling stockholder at that time (see Notes 6, 7, and 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), which require the Company to make estimates and assumptions regarding the valuation of certain financial instruments, intangible assets, allowance for doubtful accounts, accruals for liabilities and income taxes, revenue and expense accruals, and other matters that affect the consolidated financial statements and related disclosures. Actual results could differ materially from those estimates.

Predecessor Presentation—As discussed in Note 1, LPLH (the "Predecessor") was acquired by LPLIH through a leveraged merger transaction on December 28, 2005. Activities as of December 28, 2005 and for the periods prior are those of the Predecessor. However, as an accounting convenience and due to the immaterial amounts between the period December 28, 2005 and December 31, 2006, all operations and cash flows for calendar year 2005 has been presented in the Predecessor Company financials.

Reclassifications—Certain reclassifications were made to prior year amounts to conform to the current year presentation. These reclassifications had no effect on reported earnings, working capital or stockholder's equity.

Consolidation—The Company consolidates all subsidiaries for which it has a controlling interest as defined by and in accordance with Accounting Research Bulletin ("ARB") No. 51, *Consolidated Financial Statements* ("ARB 51"). Additionally, beginning January 1, 2005, the Company began consolidating Variable Interest Entities ("VIEs") where it is the primary beneficiary in accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 46, *Consolidation of Variable Interest Entities—an interpretation of ARB 51* as amended and restated ("FIN 46R").

The consolidated financial statements of the Company include all of the accounts of LPLIH and its subsidiaries, as listed above, as well as the accounts of the Company's variable interest entities, GPA (see

Note 6). As a result of the 2005 sale of the Company's interest in GPA, GPA is reflected as a discontinued operation in the accompanying consolidated financial statements (see Note 12).

All intercompany balances and transactions have been eliminated in consolidation. The Company accounts for the ownership of non-voting common stock in PTCH as a minority interest. As of December 31, 2006, minority interest was $8,000 and is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial condition. The related minority interest expense is recorded in the accompanying consolidated statements of income. The effects of elimination of revenues and expenses due to intercompany transactions between the Company and the non-controlling interests in the VIEs are not attributable to the non-controlling interests in the VIEs.

Comprehensive Income—The Company's comprehensive income is comprised of net income and the effective portion of the unrealized gains on financial derivatives in cash flow hedge relationships, net of related taxes.

Variable Interest Entities—As noted above, the Company adopted FIN 46R in 2005. FIN 46R provides a new framework for identifying VIEs and determining when a company should include the assets, liabilities, non-controlling interest, and results of activities of a variable-interest operating entity in its consolidated financial statements.

In general, a VIE is a corporation, partnership, limited liability company, trusts, or any other legal entity used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make sufficient decisions about its activities, or (3) has a group of equity owners that do not have the obligation to absorb losses or right to receive returns generated by its operations.

FIN 46R requires a VIE to be consolidated if a party with an ownership, contractual, or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party absorbs the majority of the VIE's losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary must initially record all of the VIE's assets, liabilities, and non-controlling interests at fair value (carrying value if under common control as the primary beneficiary) and subsequently account for the VIE as if it were consolidated based upon the majority voting interests. FIN 46R also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has a significant variable interest.

In accordance with the transition provisions of FIN 46R, the assets, liabilities, and non-controlling interests of the newly consolidated VIE (see Note 6) were initially recorded at the amounts at which they would have been carried in the consolidated financial statements if FIN 46R had been effective when the Company met the conditions to be the primary beneficiary of the VIE. The adoption of FIN 46R resulted in a cumulative effect of an accounting change as of January 1, 2005, which is included in discontinued operations in the accompanying consolidated statements of income (see Note 12).

Cash and Cash Equivalents—Cash and cash equivalents are composed of interest and noninterest-bearing deposits, money market funds, and U.S. government obligations that meet the definition of a cash equivalent. Cash equivalents are highly liquid investments, with original maturities of less than 90 days, that are not required to be segregated under federal or other regulations.

Cash and Securities Segregated Under Federal and Other Regulations—Certain of the Company's subsidiaries are subject to requirements related to maintaining cash or qualified securities in a segregated reserve account for the exclusive benefit of its customers in accordance with SEC Rule 15c3-3 and other regulations. At December 31, 2006 and 2005, the Company had $52.18 million and $20.92 million, respectively, in cash and securities segregated in special reserve bank accounts for the benefit of customers.

Receivable From and Payable to Customers—Receivable from and payable to customers includes amounts due on cash and margin transactions. The Company extends credit to its customers to finance their purchases of securities on margin. The Company receives income from interest charged on such extensions of credit. The Company pays interest on certain customer free credit balances held pending investment. Loans to customers are generally fully collateralized by customer securities, which are not included in the accompanying consolidated statements of financial condition.

To the extent that margin loans and other receivables from customers are not fully collateralized by customer securities, management establishes an allowance that it believes is sufficient to cover any probable losses. When establishing this allowance, management considers a number of factors including its ability to collect from the customer and/or the customer's IFA and the Company's historical experience in collecting on such transactions. Allowances for uncollectible amounts from customers increased $79,000 and $20,000 during the twelve months ended December 31, 2006 and 2005, respectively. As of December 31, 2006 and 2005, the allowances were $202,000 and $123,000, respectively.

Receivable From Product Sponsors, Broker-Dealers, and Clearing Organizations—Receivable from product sponsors, broker-dealers, and clearing organizations primarily consists of commission and transaction-related receivables.

Receivable From Others—Receivable from others primarily consists of other accrued fees from product sponsors and financial advisors. The Company periodically extends credit to its IFAs in the form of recruiting loans, commission advances, and other loans. The decisions to extend credit to IFAs are generally based on either the IFAs credit history, his/her ability to generate future commissions, or both. Management maintains an allowance for uncollectible amounts using an aging analysis that takes into account the IFAs registration status and the specific type of receivable. The aging thresholds and specific percentages used represent management's best estimates of probable losses. Management monitors the adequacy of these estimates through periodic evaluations against actual trends experienced.

The following schedule shows the Company's activity in providing for an allowance for uncollectible amounts due from others (in thousands):

	2006	2005	2004
Beginning Balance—January 1	$2,529	$1,677	$ 2,568
Provision	396	942	1,192
Charge-offs—net of recoveries	(335)	(90)	(2,083)
Ending Balance—December 31	$2,590	$2,529	$ 1,677

Securities Owned and Sold But Not Yet Purchased—Securities owned and securities sold but not yet purchased are reflected on a trade-date basis at market value with realized and unrealized gains and losses being recorded in other revenue in the consolidated statements of income. Customers' securities transactions are recorded on a settlement-date basis, with related commission income and expense reported on a trade-date basis.

U.S. government notes and U.S. government-sponsored agency obligations, held by PTCH, are classified as held-to-maturity, as PTCH has both the intent and ability to hold them to maturity. PTCH also invests in stock held in the Federal Reserve Bank, which is a non-marketable security. U.S. government notes and U.S. government-sponsored agency obligations are carried at amortized cost and stock held in the Federal Reserve Bank is carried at cost.

Interest income is accrued as earned and dividends are recorded on the ex-dividend date. Premiums and discounts are amortized, using a method that approximates the effective yield method, over the term of the security and recorded as an adjustment to the investment yield.

Securities Borrowed and Loaned—Securities borrowed and securities loaned are accounted for as collateralized financings and are recorded at the amount of the cash provided for securities borrowed transactions and cash received for securities loaned (generally in excess of market values). The adequacy of the collateral deposited for securities borrowed is continuously monitored and adjusted when considered necessary to minimize the risk associated with this activity. At December 31, 2006 and 2005, the Company had $12.69 million and $6.44 million in securities borrowed, respectively. The collateral received for securities loaned is generally cash and is adjusted daily through the Depository Trust Company's ("DTC") net settlement process and is included in payable to broker-dealers and clearing organizations in the consolidated statements of financial condition. Securities loaned generally represent customer securities that can be hypothecated under standard margin loan agreements. At December 31, 2006 and 2005, the Company had $14.88 million and $6.59 million of hypothecated securities loaned under the DTC Stock Borrow Program, respectively.

Mortgage Loans Held for Sale—The Company originates residential mortgage loans through a warehouse line-of-credit facility or as a broker for other banks. Mortgage loans held for sale are carried at the lower of aggregate cost or fair value and are sold on a nonrecourse basis with certain representations and warranties. Fair value is determined by outstanding commitments from investors, if any, or current investor bids. The Company evaluates the need for market valuation reserves on mortgage loans held for sale based on a number of quantitative and qualitative factors, primarily changes in interest rates and collateral values. At December 31, 2006, the Company assessed the market value of such loans as being equal to or greater than cost. Accordingly, no reserve has been established.

The Company has an agreement with certain third-party financial institutions for them to purchase loans originated by the Company, as long as such loans meet certain criteria, generally within 30 days from funding. Loan origination and processing fees, and certain direct origination costs are deferred until the related loan is sold.

Fixed Assets—Furniture, equipment, computers, purchased software, capitalized software, and leasehold improvements are recorded at historical cost, net of accumulated depreciation and amortization. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the terms of the underlying leases, ranging up to 12 years. Equipment, furniture, fixtures, computers, and purchased software are depreciated over periods of three to seven years. Automobiles have depreciable lives of five years. Management reviews fixed assets for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable.

Software Development Costs—Software development costs are charged to operations as incurred. Software development costs include costs incurred in the development and enhancement of software used in connection with services provided by the Company that do not otherwise qualify for capitalization under the American Institute of Certified Public Accountants Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Us*e ("SOP 98-1").

The costs of internally developed software that qualify for capitalization under SOP 98-1 are capitalized as fixed assets and subsequently amortized over the estimated useful life of the software, which is generally three years. The costs of internally developed software are included in fixed assets at the point at which the conceptual formulation, design, and testing of possible software project alternatives are complete and management authorizes and commits to funding the project. The Company does not capitalize pilot projects and projects where it believes that the future economic benefits are less than probable. The value assigned to internally developed software in connection with the Acquisition is amortized over an expected weighted-average economic useful life of approximately 4.3 years.

Deferred Loan Issuance Costs—Debt issuance costs incurred in connection with the issuance of the senior secured credit facilities and the senior unsecured subordinated notes have been capitalized and are

being amortized as additional interest expense over the expected terms of the related debt agreements using the effective interest method.

Goodwill—Goodwill represents the cost of acquired companies in excess of the fair value of net tangible assets at acquisition date. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142 ("SFAS 142"), *Goodwill and Other Intangible Assets*, goodwill is not amortized, but tested annually for impairment (in December), or more frequently if certain events having a material impact on the Company's value occur.

Intangible Assets—Intangible assets, which consist of relationships with IFAs, are amortized over their estimated useful lives. The Company evaluates the remaining useful lives of other intangible assets each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable in accordance with SFAS No. 144, *Accounting for the Impairment of Disposal of Long-Lived Assets.* An impairment loss, calculated as the difference between the estimated fair value and the carrying value of an asset or asset group, is recognized if the estimated fair value is less than the corresponding carrying value.

Trademark and Trade Name—The Company's business is highly dependent on its IFAs, and, as a result, expenditures are regularly made to market the Company's trademark and trade name to them. Value was assigned to the Company's trademark and trade name in conjunction with the Acquisition. The trademark and trade name were determined to have an indefinite life and will be tested for potential impairment annually or whenever events or changes in circumstances suggest that the carrying value of such asset may not be fully recoverable in accordance with SFAS 142.

Classification and Valuation of Certain Investments—The classification of an investment determines its accounting treatment. The Company generally classifies its investments in debt and equity instruments (including mutual funds, annuities, corporate bonds, government bonds, and municipal bonds) as trading securities, except for government bonds held by PTCH, which are classified as held-to-maturity based on management's intent. The Company has not classified any investments as available-for-sale. Investment classifications are subject to ongoing review and can change. Securities classified as trading are carried at fair value, while securities classified as held-to-maturity are carried at amortized cost. When possible, the fair value of securities is determined by obtaining quoted market prices. The Company also makes estimates about the fair value of investments and the timing for recognizing losses based on market conditions and other factors. If its estimates change, the Company may recognize additional losses. Both unrealized and realized gains and losses on trading securities are recognized in other revenue on a net basis in the consolidated statements of income.

Derivative Instruments and Hedging Activities—The Company periodically uses financial derivative instruments, such as interest rate swap agreements, to protect itself against changing market prices or interest rates and the related impact to the Company's assets, liabilities, or cash flows. The Company also evaluates its contracts and commitments for terms that qualify as embedded derivatives. All derivatives are reported at their corresponding fair value in the Company's consolidated statements of financial condition.

Financial derivative instruments expected to be highly effective hedges against changes in cash flows are designated as such upon entering into the agreement. At each reporting date, the Company reassesses the effectiveness of the hedge to determine whether or not it can continue to use hedge accounting. Under hedge accounting, the Company records the increase or decrease in fair value of the derivative, net of tax impact, as other comprehensive income or losses. If the hedge is not determined to be a perfect hedge, yet is still considered highly effective, the Company will calculate the ineffective portion and record the related change in its fair value as additional interest income or expense in the consolidated statements of income. Amounts accumulated in other comprehensive income are generally reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings.

Drafts Payable—Drafts payable represent customer checks drawn against the Company which have not yet cleared through the bank.

Legal Reserves—The Company records reserves for legal proceedings in accounts payable and accrued liabilities in the accompanying consolidated statements of financial condition. The determination of these reserve amounts requires significant judgment on the part of management. Management considers many factors including, but not limited to, the amount of the claim, the amount of the loss in the customer's account, the basis and validity of the claim, the possibility of wrongdoing on the part of an IFA, likely insurance coverage, previous results in similar cases, and legal precedents and case law. Each legal proceeding is reviewed with counsel in each accounting period and the reserve is adjusted as deemed appropriate by management. Any change in the reserve amount is recorded as professional services in the accompanying consolidated statements of income.

Estimates of Effective Income Tax Rates, Deferred Income Taxes, and Valuation Allowances—In preparing the consolidated financial statements, the Company estimates the income tax expense based on the various jurisdictions where the Company conducts business. The Company must then assess the likelihood that the deferred tax assets will be realized. A valuation allowance is established to the extent that it is more likely than not that such deferred tax assets will not be realized. When the Company establishes a valuation allowance or modifies the existing allowance in a certain reporting period, the Company generally records a corresponding increase or decrease to tax expense in the consolidated statements of income. Management makes significant judgments in determining the provision for income taxes, the deferred tax assets and liabilities, and any valuation allowances recorded against the deferred tax asset. Changes in the estimate of these taxes occur periodically due to changes in the tax rates, changes in the business operations, implementation of tax planning strategies, resolution with taxing authorities of issues where the Company had previously taken certain tax positions, and newly enacted statutory, judicial, and regulatory guidance. These changes, when they occur, affect accrued taxes and can be material to the Company's operating results for any particular reporting period.

Revenue Recognition Policies:

Commissions—The Company records commissions received from mutual funds, annuity, insurance, equity, fixed income, direct investment, option, and commodity transactions on a trade-date basis. Commissions also include mutual fund and variable annuity trails, which are recognized as earned. Due to the significant volume of mutual fund and variable annuity purchases and sales transacted by IFAs directly with product manufacturers, management must estimate a portion of its upfront commission and trail revenues for each accounting period for which the proceeds have not yet been received. These estimates are based on a number of factors, but primarily on the volume of similar transactions for the same period for which cash has been received. Because the Company records commissions payable based upon standard payout ratios for each product as it accrues for commission revenue, any adjustment between actual and estimated commission revenue will be offset in part by the corresponding adjustment to commissions payable.

Advisory and Asset-Based Fees—The Company charges investment advisory fees based on a customer's portfolio value, generally at the beginning of each quarter. Advisory fees collected in advance are recorded as unearned revenue and are recognized ratably over the period in which such fees are earned. Advisory fees collected in arrears are recorded as earned. Asset-based fees are primarily derived from the Company's marketing, sub-transfer agency agreements, and customer cash sweep products, and are recorded and recognized ratably over the period in which services are provided.

Transaction and Other Fees—The Company charges transaction fees for executing non-commissionable transactions on customer accounts. Transaction-related charges are recognized on a trade-date basis. Other fees relate to services provided and other account charges generally outlined in the

Company's agreements with its IFAs and customers. Such fees are recognized as services are performed or as earned, as applicable. In addition, the Company offers various software-related products that are charged on a subscription basis. Fees are recognized over the subscription period.

Interest Income—The Company earns interest income from its cash equivalents, customer margin balances, and on mortgage loans held for sale.

Gain on Sale of Mortgage Loans Held for Sale—The Company recognizes gains on the sale of mortgage loans held for sale on the date of settlement. A gain is recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold, including deferred loan origination fees and certain direct origination costs. All loans are sold on a servicing-released basis. Loans are accounted for as sold when control of the mortgage loans is surrendered. Control over mortgage loans is deemed to be surrendered when (i) the mortgage loans have been isolated from the Company, (ii) the buyer has the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the loans, and (iii) the Company does

not maintain effective control of the mortgage loans through either (a) an agreement that entitles and obligates the Company to repurchase or redeem the mortgage loans before maturity or (b) the ability to unilaterally cause the buyer to return specific mortgage loans.

Compensation and Benefits—The Company records compensation and benefits for all cash and deferred compensation, benefits, and related taxes as earned by its employees. In compensation and benefits, the Company also includes fees earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily software development and project management activities. Temporary employee and contractor services of $14.57 million, $12.44 million, and $18.31 million were incurred during the years ended December 31, 2006, 2005, and 2004, respectively.

Share-Based Compensation—On January 1, 2006, the Company adopted SFAS No. 123R (Revised), *Share-Based Payment*, ("SFAS 123R"). SFAS 123R requires the recognition of the fair value of share-based compensation in net income. The Company recognizes share-based compensation expense over the requisite service period of the individual grants, which generally equals the vesting period. Prior to January 1, 2006, the Company accounted for employee equity awards using Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, ("APB 25") and related interpretations in accounting for share-based compensation.

The Company has adopted the provisions of SFAS 123R using the prospective transition method, whereby it will continue to account for nonvested equity awards to employees outstanding at December 31, 2005 using APB 25, and apply SFAS 123R to all awards granted or modified after that date. In accordance with the transition rules of SFAS 123R, the Company no longer provides pro forma disclosures illustrating what net income would have been had the Company valued share-based awards under a fair value method rather than under the intrinsic value method of APB 25.

For the twelve months ended December 31, 2006, the Company recognized $2.85 million of share-based compensation under APB 25 related to the vesting of stock options awarded to employees in previous years. Approximately $1.40 million remains in unrecognized compensation for those awards, which is expected to be recognized ratably through December 31, 2007, their final vesting period.

The Company also recognized $24,000 of share-based compensation under SFAS 123R related to stock options awarded to employees in the current year. Total compensation cost of stock options awarded during 2006, but not yet vested was $844,000, which is expected to be recognized over a weighted average period of 6.53 years. Compensation cost under SFAS 123R was calculated using the Black-Scholes valuation model with the following weighted average assumptions:

	Year ended December 31,		
	2006	2005	2004
Weighted-average expected life (in years)	6.53	10.00	10.00
Expected stock price volatility	34.09%	0%	0%
Expected dividend yield	—	3.90%	3.25%
Annualized forfeiture rate(1)	0.27%	N/A	N/A
Weighted average fair value of options	$80.37	$ 1.14	$ 8.07
Risk-free interest rate	5.23%	4.11%	4.36%

(1) An estimated forfeiture rate was not used, and was not required prior to adoption of FAS 123R.

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities in effect at the time of the grant with remaining terms equivalent to the respective expected terms of the options. The Company has elected to use the shortcut approach in accordance with SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to develop the estimate of the expected term. Expected volatility is calculated based on companies of similar growth and maturity and the Company's peer group in the industry in which the Company does business because the Company does not have sufficient historical volatility data. The Company will continue to use peer group volatility information until historical volatility of the Company is relevant to measure expected volatility for future option grants. The dividend yield of zero is based on the fact that the Company has no present intention to pay cash dividends. In the future, as the Company gains historical data for volatility in its own stock and the actual term over which employees hold its options, expected volatility and the expected term may change, which could substantially change the grant-date fair value of future awards of stock options and, ultimately, compensation recorded on future grants.

The Company has assumed an annualized forfeiture rate of 0.27% for its options based on a combined review of industry and employee turnover data, as well as an analytical review performed of historical pre-vesting forfeitures occurring over the previous year. Under the true-up provisions of SFAS 123R, the Company will record additional expense if the actual forfeiture rate is lower than estimated, and will record a recovery of prior expense if the actual forfeiture is higher than estimated.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no restrictions and are fully transferable and negotiable in a free trading market. This model does not consider the employment, transfer, or vesting restrictions that are inherent in the Company's employee stock options. It also includes highly subjective assumptions based on long-term predictions and the average life of each unit and stock option grant. Because the Company's share-based payments have characteristics significantly different than those of freely traded options, and because changes in the subjective input assumptions can materially affect the output produced by the model, it and or other existing valuation models may not be reliable single measures of the fair values of the Company's share-based payments.

Fair Value of Financial Instruments—The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value. Customer receivables, primarily consisting of floating rate margin loans collateralized by customer securities, are charged interest at rates similar to such other loans made within the industry.

Commitments and Contingencies—The Company recognizes liabilities for contingencies when analysis indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. When a range of probable loss can be estimated, the Company accrues the most likely amount.

Management evaluates all available evidence about asserted and unsettled income tax contingencies and unasserted income tax contingencies caused by uncertain income tax positions taken in the Company's income tax returns filed with the Internal Revenue Service and state and local tax authorities.

Contingencies that management believes are estimable and probable of payment, if successfully challenged by such tax authorities, are accrued for under the provisions of SFAS No. 5, *Accounting for Contingencies.*

Recently Issued Accounting Pronouncements—In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option of Financial Assets and Financial Liabilities* ("SFAS 159"). This standard permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that the adoption of SFAS 159 will have on its consolidated statements of financial condition, statements of income, or cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). This standard provides guidance for using fair value to measure assets and liabilities. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data; for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of SFAS 157 will have on its consolidated statements of financial condition, statements of income, or cash flows.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements* ("SAB 108"). SAB 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB 108 requires an entity to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB No. 108 did not have a material impact on the consolidated financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 requires that the tax effects of a position be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. At adoption, companies must adjust their financial

statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any necessary adjustment would be recorded directly to retained earnings in the period of adoption and reported as a change in accounting principle. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company has substantially completed its valuation of FIN 48 and has estimated the impact of its adoption on its consolidated financial statements as a reduction to retained earnings of approximately $3.50 million to $4.50 million.

3. ACQUISITION OF LPL HOLDINGS, INC.

In order to provide liquidity to the former stockholders, and as discussed in Note 1, the Company completed an acquisition of LPLH on December 28, 2005, which was financed by a combination of borrowings under the Company's new senior credit facilities, the issuance of senior unsecured subordinated notes, and direct and indirect equity investments from the Majority Holders, co-investors, management, and the Company's IFAs (see Note 14 for a description of the Company's indebtedness).

The Company refers to the above transactions, the Acquisition, and the payment of any costs related to these transactions collectively herein as the "Transactions."

Leveraged Buyout Accounting—The Transactions are accounted for as a business combination in accordance with SFAS No. 141, *Business Combinations* ("SFAS 141"), and the consensuses reached by the Emerging Issues Task Force in Issue No. 88-16, *Basis in Leveraged Buyout Transactions*, and No. 90-12, *Allocating Basis to Individual Assets and Liabilities for Transactions within the Scope of Issue No. 88-16* ("EITF 88-16"). In accordance with EITF 88-16, the Company recorded a change in basis. Accordingly, the retained interest of certain continuing stockholders was recorded at the predecessor basis. The remainder of the investment in the assets and liabilities acquired were recorded at the new owner's relative ownership percentage of the fair value of those assets at the time of the Acquisition.

During 2006, after the finalization of the Company's 2005 Income Tax Returns, the Company identified and posted a change in estimate to its tax accounts resulting in an adjustment needed to revise the accounting basis allocated to income taxes receivable during the Acquisition.

The original basis adjustments, the current year true-up, and the adjusted amounts are as follows (in thousands):

	Recorded at 12/31/2005	Adjustments	As Adjusted 12/31/2006
Step-up in basis of assets and liabilities resulting from the Transactions:			
Internally developed software	$ 85,577	$ —	$ 85,577
Income taxes receivable	—	(3,395)	(3,395)
Land	4,375		4,375
Trademark and tradename	39,819		39,819
Intangible assets:			
Relationships with financial advisors	354,721		354,721
Relationships with product sponsors	202,999		202,999
Relationships with trust clients	1,762		1,762
Goodwill	1,242,902	3,395	1,246,297
Deferred tax liability	(268,119)		(268,119)
Step-up in basis of assets due to Transaction	1,664,036	—	1,664,036
Cash contribution from Sponsors	740,742		740,742
Redemption of stock and stock appreciation rights	(2,069,588)		(2,069,588)

Contribution from selling stockholders toward seller's costs in Transactions	17,350		17,350
Direct acquisition costs capitalized as goodwill	(7,668)		(7,668)
Total basis adjustment	$ 344,872	$ —	$ 344,872

The sources and uses of funds in connection with the Transactions are summarized below (in thousands):

Sources of funds:	
Senior secured Tranche A term loan due December 28, 2006	$ 45,000
Senior secured Tranche B term loan due June 28, 2013	750,000
Senior subordinated notes due December 15, 2015	550,000
Cash on hand used to fund the Transactions	39,153
Direct equity contribution—cash	740,742
Indirect equity contribution—management options rollover (net of aggregate exercise price) and unvested stock bonus plan for financial advisors	359,203
Total sources of funds	$ 2,484,098
Uses of funds:	
Consideration paid to stockholders and holders of stock appreciation rights	$ 2,069,588
Indirect equity consideration (equity rollover)	359,203
Transaction costs	55,307
Total uses of funds	$ 2,484,098

Costs of the Transactions—For the year ended December 31, 2005, the Company incurred $55.31 million in costs to vendors and service providers as a result of the Transactions. These costs consisted of accounting, investment banking, legal, and other direct costs associated with the Transactions. Of these costs, $30.45 million and $7.67 million were capitalized as debt issuance costs and direct acquisition costs, respectively. Debt issuance costs are recorded in the accompanying consolidated statements of financial condition, and are amortized through interest expense using the effective interest method over the lives of the corresponding debt. Direct acquisition costs are treated as part of the purchase price, resulting in additional goodwill. The remaining $17.24 million in costs did not qualify for capitalization and have been recorded as professional fees and other expenses in the accompanying consolidated statements of income. In addition to these costs, the Company recorded additional compensation charges of $20.9 million; $5.1 million related to the accelerated vesting of stock options and $15.8 million related to the settlement of stock appreciation rights (see Note 18).

4. RECEIVABLE FROM PRODUCT SPONSORS, BROKER-DEALERS, AND CLEARING ORGANIZATIONS AND PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATIONS

Receivable from product sponsors, broker-dealers and clearing organizations and payable to broker-dealers and clearing organizations were as follows (in thousands):

	December 31, 2006	December 31, 2005
Receivables:		
Securities failed-to-deliver	$ 3,407	$ 4,197
Receivable from broker-dealers	12,413	31,133
Receivable from clearing organizations	7,853	5,644
Commissions receivable from product sponsors and others	66,033	53,260
Total receivables	$ 89,706	$ 94,234
Payables:		
Securities failed-to-receive	$ 6,628	$ 7,280
Payable to broker-dealers	296	507
Payable to clearing organizations	8,547	4,306
Securities loaned	14,883	6,595
Total payables	$ 30,354	$ 18,688

Securities loaned represent amounts due to DTC for collateral received in participation with its stock borrow program.

Linsco clears commodities transactions for its customers through another broker-dealer on a fully disclosed basis. The amount payable to broker-dealers relates to the aforementioned transactions and is collateralized by securities owned by Linsco.

5. SECURITIES OWNED AND SECURITIES SOLD BUT NOT YET PURCHASED

The components of securities owned and securities sold but not yet purchased were as follows (in thousands):

	December 31, 2006	December 31, 2005
Securities owned—market value:		
Mutual funds	$ 6,149	$ 5,750
U.S. government obligations (pledged to clearing organizations)	2,643	2,353
Stocks and warrants	444	90
Variable annuities	227	206
Money market funds	61	76
Total securities owned—market value	$ 9,524	$ 8,475

Other securities:		
U.S. government notes and U.S. government-sponsored agency obligations—at amortized cost	$10,242	$2,834
Federal Reserve stock—at amortized cost	393	208
Total other securities	$10,635	$3,042
Securities sold but not yet purchased—market value:		
Mutual funds	$10,578	$3,765
Stocks and warrants	218	1,086
Non-convertible bonds	10	—
Certificates-of-deposit	—	25
Unit investment trust	—	12
Total securities sold but not yet purchased—market value	$10,806	$4,888

The carrying values of the U.S. government notes classified as held-to-maturity approximates their market values. As of December 31, 2006, the components of U.S. government notes classified as held-to-maturity were as follows (in thousands):

	Carrying Values	Interest Rate	Year of Maturity
U.S. Treasury notes	$ 5,570	2.25%–4.375%	2007
U.S. Treasury notes	4,672	3.375%–4.875%	2008
Total U.S. Treasury Notes	$10,242		

6. CONSOLIDATION OF VARIABLE INTEREST ENTITY

On January 1, 2005, the Company adopted FIN 46R and determined that its investment in the nonvoting preferred stock of GPA qualified as a VIE. At that time, the Company's primary stockholder held the voting common stock of both LPLH and GPA. In evaluating FIN 46R, the Company determined that GPA did not have sufficient "equity at risk" as defined under the rule, and as a result of the common ownership of the Company and GPA, and the Company's historical practice of providing the majority of GPA's financing, the Company determined that it was the primary beneficiary of GPA. Consequently, the Company consolidated the operations of GPA in its 2005 consolidated financial statements. Upon adoption of FIN 46R, the Company recorded a loss from cumulative change in accounting principle of $12.91 million and net assets of $12.18 million.

The Company's consolidated financial statements for 2004 have not been restated to reflect the consolidation of GPA. The Company did not provide guarantees of the obligations or operations of GPA; consequently, the Company's maximum exposure to loss as a result of its involvement with GPA was the carrying amount of its investment in GPA, which was $21.84 million as of December 31, 2004.

On October 27, 2005, the Company sold all of its interest in GPA. GPA's losses for the period January 1, 2005 through October 27, 2005, have been reported as discontinued operations (see Note 12).

7. NONMARKETABLE EQUITY INVESTMENT IN AFFILIATE

Prior to consolidating GPA as discussed in Note 6, the Company reported its preferred stock investments in GPA as nonmarketable investments in affiliate. Due to the nature of this investment (nonvoting, noncontrolling, and lack of ability to significantly influence the operations), the Company accounted for it at cost and regularly evaluated its fair value for other-than-temporary declines below carrying value.

As of December 31, 2004, the Company had a 100% ownership interest of preferred series A shares in GPA Group, Inc. and a 9.38% ownership of preferred series B shares in Global Portfolio Advisors, Ltd. (a subsidiary of GPA). During 2004, the Company estimated the fair value of its investment in GPA based on current net assets and net operating loss carryforwards expected to be utilizable by a third-party purchaser if the entity was sold and determined that the decline in fair value was other-than-temporary. Such determination was based on GPA's continued operating losses with significantly lower than anticipated revenue growth. Accordingly, the Company recorded a charge of $12.23 million for the year ended December 2004 to reduce the carrying value of its investment to the estimated fair value.

8. MORTGAGE LOANS HELD FOR SALE

The mortgage loans held for sale consist of first and second trust deed mortgages on residential properties located in California and other states throughout the United States of America. For the years ended December 31, 2006 and 2005, Innovex had no second deeds of trust held for sale. The loans held for sale are pledged as collateral for the warehouse lines of credit described in Note 16. The following schedule summarizes the components of mortgage loans held for sale (in thousands):

	December 31, 2006	December 31, 2005
Mortgage loans held for sale	$4,395	$809
Net deferred loan origination fees	(18)	(2)
Basis adjustment from interest rate lock loan commitment	(15)	—
Mortgage loans held for sale—net	$4,362	$807

9. FIXED ASSETS

The components of fixed assets are as follows (in thousands):

	December 31, 2006	2005
Computers and software	$ 44,995	$ 37,346
Furniture and equipment	13,885	13,208
Property	6,572	6,572
Leasehold improvements	18,175	13,166
Internally developed software	128,698	119,417
Total fixed assets	212,325	189,709
Accumulated depreciation and amortization	(90,731)	(54,945)
Fixed assets—net	$ 121,594	$ 134,764

Depreciation and amortization expense from continuing operations for fixed assets was $36.04 million, $15.99 million, and $15.75 million for the years ended December 31, 2006, 2005, and 2004, respectively.

10. ACQUISITION OF BROKERAGE AND MORTGAGE COMPANIES

Brokerage Companies—On June 1, 2004, the Company completed an acquisition of a broker-dealer, a brokerage general agency, as well as certain assets and rights of another broker-dealer designed to strategically enhance Linsco's recruiting position for IFAs. The brokerage general agency conducts business under the name Linsco/Private Ledger Insurance Associates, Inc. The acquired broker-dealer was subsequently dissolved. In accordance with SFAS 141, the acquisition has been accounted for under the purchase method of accounting, which required the initial purchase price of $7.32 million to be allocated to the specific tangible and intangible assets acquired and liabilities assumed based on their fair market values at the date of acquisition.

The initial purchase price was allocated as follows (in thousands):

Assets purchased and liabilities assumed:	
Cash and cash equivalents	$2,358
Receivables from others	483
Fixed assets	334
Prepaid expenses and other assets	1
Accounts payable and accrued liabilities	(477)
Deferred tax liability	(363)
Intangible assets	4,165
Goodwill	818
Total purchase price	$7,319

As part of the purchase price allocation, the Company recorded intangible assets for the lists and relationships with financial advisors. The initial value assigned to these IFA lists and relationships with financial advisors was $4.17 million. The expected useful life for the lists and relationships with financial advisors is approximately five years.

As a result of the acquisition, goodwill in the amount of $818,000 was created for the excess purchase price over the value of assets and liabilities assumed. In accordance with SFAS 142, goodwill will not be amortized, but will be reviewed at least annually for impairment.

In addition to the initial purchase price, the purchase agreement contained an earn-out provision calling for an additional payment, contingent upon the Company receiving certain amounts of commissions generated by IFAs recruited during the 12-month period following the date of acquisition. Such contingent payment was not included in the initial purchase price due to the uncertainty of meeting required criteria. In June 2005 after completion of the earn-out measurement period, the Company determined that an additional payment of $2.02 million was due. This additional payment was recorded as a purchase price adjustment with a corresponding increase to intangible assets with an expected useful life of approximately four years. Recording such intangible assets also caused the Company to recognize an additional deferred tax liability and goodwill in the amount of $59,000.

Mortgage Company—On June 11, 2004, the Company acquired all of the outstanding common stock of a mortgage company. This strategic acquisition was designed to grow the mortgage company's existing business through affiliation with the Company's IFAs. Also, in accordance with SFAS 141, this acquisition has been accounted for under the purchase method of accounting, which required the initial purchase price of $3.38 million ($2.25 million in cash and the assumption of $1.13 million in debt) to be allocated to the specific tangible and intangible assets acquired and liabilities assumed based on their fair market value at the date of acquisition.

The purchase price was allocated as follows (in thousands):

Assets purchased and liabilities assumed:	
Cash and cash equivalents	$ 255
Receivable from others	275
Mortgage loans held for sale	3,301
Fixed assets	49
Other assets	31
Deferred tax asset	18
Warehouse lines of credit	(3,284)
Accrued commissions payable	(188)
Accounts payable and accrued liabilities	(231)
Goodwill	3,151
Total purchase price	$ 3,377

As part of the purchase price allocation, goodwill was created for the excess purchase price over the value of assets and liabilities assumed. Goodwill is not amortized, but reviewed at least annually for impairment.

During the fourth quarter of 2005, the Company determined that the goodwill related to the mortgage company was impaired. Such determination was based on that entity's continued losses and lower than anticipated revenue growth. Accordingly, the Company recorded a charge of $3.16 million to reduce the carrying value of its existing goodwill to its estimated fair value of zero. As a result of the impairment of the goodwill a corresponding deferred tax asset was created which will more likely than not be fully realized.

The acquisitions were treated as purchases of assets and liabilities for federal tax purposes. Accordingly, the amounts allocated to those transactions of approximately $8.53 million are deductible for federal tax purposes over a 15-year period.

11. INTANGIBLE ASSETS

In conjunction with the business combination activities discussed in Notes 3 and 10, the Company recorded intangible assets representing lists and relationships with IFAs, product sponsors, and trust

clients. Identifiable intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that the carrying value of an asset or asset group may not be fully recoverable in accordance with SFAS 144. These intangible assets are amortized on a straight-line basis over their estimated economic useful lives ranging from 5 to 20 years. Total amortization expense of intangible assets was $29.30 million, $1.86 million, and $43,000 for the years ended December 31, 2006, 2005, and 2004, respectively. Amortization expense for each of the fiscal years ended December 2007 through 2011 and thereafter is estimated as follows (in thousands):

2007	$ 29,303
2008	29,303
2009	28,836
2010	28,017
2011	28,017
Thereafter	391,813
Total	$ 535,289

12. DISCONTINUED OPERATIONS

Sale of GPA Entities—On October 27, 2005, the Company completed the sale of all of its interest in GPA (an entity controlled by the Company's controlling stockholder at that time) to GPA Investments, LLC, an entity under common control of the Company's controlling stockholder for $10.00. Because of the related-party nature of the transaction, the loss on disposal of $4.69 million is presented as a distribution to stockholder in the accompanying consolidated statements of stockholders' equity.

Discontinued Operations—As a result of the disposal, the historical operations of GPA for the year ended December 31, 2005 have been classified as discontinued operations. Its operations for the year ended December 31, 2004 were not classified as discontinued operations because the Company did not consolidate it until January 1, 2005 as required under the adoption of FIN 46R (See Note 7). Its operations and cash flows for the year ended December 31, 2005 have been separately reported in the accompanying consolidated financial statements and are summarized below (in thousands):

Loss from discontinued operations:	
Loss from cumulative effect of change in accounting	$ 12,909
Loss from operations of GPA	13,291
Loss from discontinued operations	$ 26,200
Disposal (distribution to stockholder)	$ 4,693

13. INCOME TAXES

The Company's provision (benefit) for income taxes is as follows (in thousands):

	Predecessor December 31,		
	2006	2005	2004
Current provision:			
Federal	$ 33,380	$ 41,277	$ 33,692
State	7,248	7,229	5,202
Total current provision	40,628	48,506	38,894
Deferred benefit:			
Federal	(19,473)	(2,148)	(4,760)
State	69	103	(1,582)
Total deferred benefit	(19,404)	(2,045)	(6,342)
Provision for income taxes	$ 21,224	$ 46,461	$ 32,552

The principal items accounting for the differences in income taxes computed at the U.S. statutory rate (35%) and the effective income tax rate comprise the following (in thousands):

	Predecessor December 31,		
	2006	2005	2004
Taxes computed at statutory rate	$19,203	$40,513	$23,766
State income taxes—net of federal benefit	4,755	4,766	2,353
Nondeductible expenses	488	1,832	1,488
Valuation allowance	(390)	—	4,280
Research and development credits	207	(180)	(1,433)
Share-based compensation	(823)	(574)	2,122
Transaction cost	(2,160)	2,159	—
Resolution of tax contingency	(56)	(2,000)	—
Other	—	(55)	(24)
Provision for income taxes	$21,224	$46,461	$32,552

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

As of December 31, 2006, the components of the net deferred tax liabilities included in the consolidated statements of financial condition were as follows (in thousands):

	December 31,	
	2006	2005
Deferred tax assets:		
Reserves for litigation, vacation, and bonuses	$ 2,590	$ 1,515
Deferred rent	2,591	2,275
Provision for bad debts	1,159	1,087
State taxes	15,627	14,332
Share-based compensation	3,665	2,684
Regulatory fees and related matters	5	2,361
Impairment of non-marketable equity investments in affiliates	589	—
Net operating losses	426	590
Other	—	—
Total deferred tax assets	26,652	24,844
Deferred tax liabilities:		
Depreciation of fixed assets	(8,549)	(43,727)
Amortization of intangible assets	(262,750)	(245,146)
Unrealized gain on interest rate swaps	(1,250)	—
Other	—	(22)
Total deferred tax liabilities	(272,549)	(288,895)
Deferred income taxes—net	$ (245,897)	$ (264,051)

As of December 31, 2006, the Company had federal net operating loss carryforwards of approximately $1.68 million. The federal net operating losses are subject to an annual limitation on their utilization of approximately $412,000. If not utilized, the federal net operating losses will expire between 2011 and 2022. The Company has not recorded a valuation allowance against its deferred tax assets as it is more likely than not that all benefits will be utilized in future periods.

14. INDEBTEDNESS

In connection with the Acquisition on December 28, 2005, the Company incurred indebtedness, including $795 million of borrowing under the senior secured credit facilities and $550 million of senior unsecured subordinated notes.

***Senior Secured Credit Facilities*—**During 2005 and 2006, the Company's senior secured credit facilities consisted of the following:

- Tranche A Notes in the amount of $45 million that were issued to finance a portion of the cash consideration for the Acquisition. The notes were repaid in full in 2006.
- Tranche B Notes in the amount of $750 million that were used to finance a portion of the cash contribution for the Acquisition. The notes were replaced with Tranche C as discussed below.
- On December 29, 2006, the Company amended and replaced its Tranche B Notes with Tranche C Notes. The Tranche C Notes (in the amount of $794.38 million) provided the Company with an additional $50.00 million for a planned acquisition, as well as certain enhancements to the terms of its original credit agreement, including a reduction to the applicable interest rate margin of 0.25%. The Tranche C Notes are due to mature on June 28, 2013. The Company will provide for quarterly amortization payments of 0.25% in an aggregate amount annually. Additional principal payments

will be required if the Company achieves certain levels of annual cash earnings adjusted for changes in net working capital.

- A $100.00 million revolving credit facility for future working capital and investment needs. This facility expires on December 28, 2011. Of the $100.00 million, $10.00 million has been utilized in the form of an irrevocable letter of credit for PTCH, which expires on December 28, 2007. The Company will pay 2.00% annually on the balance of the irrevocable letter of credit as well as a 0.23% fronting fee. The Company also pays a fee of 0.375% on the unused balance of the revolving credit facility. At December 31, 2006, there were no outstanding borrowings against the letter of credit.

The senior secured credit facilities are secured primarily through pledges of capital stock in the Company's subsidiaries. Borrowings under the senior secured credit facilities bear interest at a base rate plus an applicable interest rate margin depending on the Company's consolidated leverage ratio, its corporate family rating by Moody's, and the source for the base rate. The Company elects the base rate, and can choose between the lower of prime or the Interbank lending rate, and the London Interbank Offering Rate ("LIBOR") with up to a twelve-month period. The applicable interest rate margin ranges between 1.00% and 2.75% (maximum was 3.25% prior to achieving the first step-down related to the consolidated leverage ratio and the refinancing of Tranche B). The senior secured credit facilities are subject to certain financial and non-financial covenants. As of December 31, 2006, the Company was in compliance with all such covenants.

Senior Unsecured Subordinated Notes—The Company also has $550.00 million of senior unsecured subordinated notes due December 15, 2015. The notes bear interest at 10.75% per annum and interest payments are payable semiannually in arrears. The Company is not required to make mandatory redemption or sinking-fund payments with respect to the notes. Indentures underlying the senior subordinated notes contain various restrictions with respect to the issuer, including one or more restrictions relating to limitations on liens, sale and leaseback arrangements, and funded debt of subsidiaries. Additionally, the senior subordinated notes are subject to certain financial and non-financial covenants. As of December 31, 2006, the Company was in compliance with all such covenants.

Bank Loans Payable—The Company maintained uncommitted lines of credit, which have an unspecified limit, primarily dependent on the Company's ability to provide sufficient collateral. The lines were utilized during the year, but there were no balances outstanding at December 31, 2006.

In conjunction with the acquisition of the mortgage company in June 2004, the Company assumed a loan payable to its primary officer for $1.00 million, which bears interest at a rate of 8%. The loan matured and was repaid in full on November 1, 2005.

Prior to August 2005, the Company had a variable rate loan secured by the Company's transportation asset, owned by Glenoak. The loan was repaid in full on August 2, 2005, in conjunction with the sale of Glenoak assets to the LPLH class A common stockholder.

The Company's outstanding borrowings, were as follows (dollars in thousands):

		December 31,			
		2006		2005	
	Maturity	Balance	Interest Rate	Balance	Interest Rate
Senior Secured Notes (Tranche A)	12/28/2006	$ —	—	$ 45,000	6.38%
Senior Secured Notes (Tranche B)	6/28/2013	—	—	750,000	7.74%(2)
Senior Secured Notes (Tranche C):					
Unhedged	6/28/2013	299,375	8.11%(1)	—	—
Hedged with interest rate swaps	6/28/2013	495,000	8.11%(1)	—	—
Revolving Credit	12/28/2011	—	—	—	—
Senior Unsecured Subordinated Notes	12/15/2015	550,000	10.75%	550,000	10.75%
Letter of credit	12/28/2007	—	2.23%	—	
Total borrowings		1,344,375		1,345,000	
Less current borrowings (maturities within 12 months)		7,944		52,500	
Long-term borrowings—net of current portion		$ 1,336,431		$ 1,292,500	

(1) As of December 31, 2006, the variable interest rate for the Senior Secured Notes (Tranche C) is based on the three-month LIBOR of 5.36% plus the applicable interest rate margin of 2.75%

(2) As of December 31, 2005, the variable interest rate for the Senior Secured Notes (Tranche B) is based on a blended average rate of the three-, six-, and twelve-month LIBOR plus the applicable interest rate margin of 3.00%

The following summarizes borrowing activity in the revolving and margin credit facilities (in thousands):

	Year ended December 31,		
	2006	2005	2004
Average balance outstanding	$ 1,575	$ 16,566	$ 28,236
Weighted-average interest rate	6.62%	4.90%	4.51%

The minimum calendar year principal payments and maturities of borrowings as of December 31, 2006, are as follows (in thousands):

	Senior Secured	Letter of Credit	Senior Unsecured	Total Amount
2007	$ 7,944	$ —	$ —	$ 7,944
2008	7,944	—	—	7,944
2009	7,944	—	—	7,944
2010	7,944	—	—	7,944
2011	7,944	—	—	7,944
Thereafter	754,655	—	550,000	1,304,655
Total	$ 794,375	$ —	$ 550,000	$ 1,344,375

15. INTEREST RATE SWAPS

On January 30, 2006, the Company entered into five interest rate swap agreements ("Swaps"). An interest rate swap is a financial derivative instrument whereby two parties enter into a contractual

agreement to exchange payments based on underlying interest rates. The Company uses the Swaps to hedge the variability on its floating rate senior secured notes. The Company is required to pay the counterparty to the agreement fixed interest payments on a notional balance, and in turn, receives variable interest payments on that notional balance. Payments are settled quarterly on a net basis.

The following table summarizes information related to the Company's Swaps as of December 31, 2006 (dollars in thousands):

	Notional Balance	Fixed Pay Rate	Variable Receive Rate(1)	Fair Value	Maturity Date
Swap 1	$ 70,000	4.76%	5.36%	$ 380	June 30, 2008
Swap 2	95,000	4.77	5.36	575	June 30, 2009
Swap 3	120,000	4.79	5.36	769	June 30, 2010
Swap 4	145,000	4.83	5.36	986	June 30, 2011
Swap 5	65,000	4.85	5.36	478	June 30, 2012
	$ 495,000			$ 3,188	

(1) The variable receive rate reset on the last day of the year is based on the applicable three-month LIBOR. The effective rate from September 30, 2006 through December 28, 2006, was 5.37%.

Each of the Swaps listed above have been designated as cash flow hedges against specific payments due on the Company's senior secured notes. As of December 31, 2006, the Company assessed the Swaps as being highly effective and expects them to continue to be highly effective. Accordingly, the changes in fair value of the Swaps have been recorded as other comprehensive income with the fair value of the Swaps included as an asset on the Company's consolidated statements of financial condition. Based on current interest rate assumptions and assuming no additional Swaps are entered into, the Company expects to reclassify approximately $2.78 million, or $1.70 million after tax, from other comprehensive income as a reduction to interest expense over the next 12 months.

16. WAREHOUSE LINES OF CREDIT

Innovex uses warehouse lines of credit for originating customer residential mortgage loans. These lines of credit are collateralized by mortgage loans held for sale and also by a guarantee from the Company.

During 2005 and 2006 the Company's warehouse lines of credit consisted of the following:

- A line of credit with First Tennessee Bank ("FTN") for aggregate borrowings up to $9.00 million. The FTN line of credit bared interest based on the lenders' reference rate (LIBOR) plus a rate ranging between 2.50% and 4.75%, depending on the duration of the outstanding borrowings. At December 31, 2005, Innovex had total borrowings outstanding of $794,000. This line was terminated by the Company during 2006.
- A line of credit with Flagstar Bank. This line of credit bared interest based on the Lender's reference rate (Prime) plus an additional rate ranging between 0% and 7%, depending on the duration of the outstanding borrowings with a floor of 5.25%. The $4.25 million Flagstar Bank line of credit was due on demand and the line had no specified expiration date. There were no outstanding amounts under the line of credit at December 31, 2005. This line was terminated by the Company during 2006.

- A line of credit with GMAC Bank ("GMAC"). This line was opened in June of 2006, is collateralized by mortgage loans held for sale and a guarantee from the Company, and provides for aggregate borrowings up to $7.50 million. The interest rate is based on 30 days daily average lenders' reference rate, plus a minimum base margin rate of 2.25%. As of December 31, 2006, Innovex had total borrowings outstanding of $3.72 million with GMAC bearing interest at 7.57%. The GMAC line of credit renews annually on February 28th. The Company obtained an extension on the renewal of the GMAC line of credit for the year ended December 31, 2006, which is effective until March 31, 2007. The Company intends to renew the GMAC line in accordance with the extended term. The agreement requires the Company and Innovex to comply with certain financial and non-financial covenants. As of December 31, 2006, the Company and Innovex were in compliance with such covenants.

The following summarizes Innovex's borrowings on its warehouse facilities (dollars in thousands):

	Year ended December 31,		
	2006	2005	2004
Average balance outstanding	$2,029	$2,751	$ 2,184
Maximum amount outstanding in any month-end during the year	$3,852	$6,128	$ 3,351
Weighted-average interest rate during the year	8.65%	5.70%	5.70%

17. COMMITMENTS AND CONTINGENCIES

Leases—The Company leases certain office space and equipment at its headquarters locations under various operating leases. These leases are generally subject to scheduled base rent and maintenance cost increases, which are recognized on a straight-line basis over the period of the leases.

Future minimum calendar year payments for operating lease commitments with remaining terms greater than one year at December 31, 2006 are approximately as follows (in thousands):

2007	$ 9,852
2008	10,833
2009	11,078
2010	10,966
2011	9,417
Thereafter	17,076
Total	$69,222

Total rental expense from continuing operations for all operating leases was approximately $9.75 million, $8.67 million, and $7.96 million for the years ended December 31, 2006, 2005, and 2004, respectively. In December 2005, Innovex closed its office in Campbell, California. The Company had subleased certain portions of the Campbell facility, which expired in August 2006. Such subleases produced rental income of $212,000 and $194,000 for the years ended December 31, 2006 and 2005, respectively. The Company recorded these amounts as a reduction of rental expense.

Guarantees—The Company occasionally enters into certain types of contracts that contingently require it to indemnify certain parties against third-party claims. These contracts primarily relate to real estate leases under which the Company may be required to indemnify property owners for claims and other liabilities arising from its use of the applicable premises. The terms of these obligations vary and, because a maximum obligation is not explicitly stated, the Company has determined that it is not possible to make an estimate of the amount that it could be obligated to pay under such contracts.

Linsco provides guarantees to securities clearing houses and exchanges under their standard membership agreements, which require a member to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearing houses and exchanges, all other members would be required to meet any shortfall. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these agreements is remote. Accordingly, no liability has been recognized for these transactions.

Litigation—The Company has been named as a defendant in various legal actions, including arbitrations. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, the Company cannot predict with certainty what the eventual loss or range of loss related to such matters will be. The Company believes, based on current knowledge, after consultation with counsel, and consideration of insurance, if any, that the outcome of such matters will not have a material adverse effect on the consolidated financial condition of the Company or its results of operations.

Regulatory—In May 2005, Linsco entered into an Acceptance Waiver and Consent ("AWC") with the NASD regarding certain sales of Class B and Class C mutual fund shares. In its investigation, the NASD questioned whether certain sales of Class B and Class C mutual fund shares since January 1, 2002, were appropriate on the basis of cost differences among share classes. The AWC provides for payment to clients impacted by certain transactions and imposition of a monetary penalty. In December 2005, the AWC was counter signed by the NASD and Linsco paid a fine.

Throughout 2006, Linsco remediated certain transactions occurring since January 1, 2001, based on the criteria outlined in the AWC. Refunds and transaction remediation totaled $2.37 million, all of which had been accrued for in prior years. Unused accruals of $2.97 million were reversed during the year as estimates were adjusted for final payments and for the expiration of the positive consent period required for customers to elect remediation.

On April 29, 2005, Linsco entered into an AWC with the NASD in connection with its receipt of brokerage commissions ("directed brokerage") by certain fund families as payment for participation in Linsco's mutual fund marketing programs during the period from January 1, 2000 through December 31, 2003. In conjunction with the AWC, Linsco paid a monetary penalty in the amount of $3.60 million. The NASD accepted the AWC on June 8, 2005.

Interest Rate and Loan Commitments—The Company enters into written commitments to originate loans, whereby the interest rate on the loan is determined prior to funding; these commitments are referred to as interest rate lock commitments ("IRLCs"). IRLCs on loans are considered to be derivatives. As of December 31, 2006, the Company determined that the positive and negative fair value of these IRLCs was $153 and $57,219, respectively, on a committed principal total of $12.11 million.

IRLCs, as well as closed loans held for sale expose the Company to interest rate risk. The Company manages this risk by entering into corresponding forward sales agreements with investors on a best efforts basis. The Company determined that such best-effort forward sales commitments meet the definition of a derivative. As of December 31, 2006, the Company determined the positive and negative fair value of the forward sales agreements was $90,658 and $1,653, respectively, on a committed principal total of $16.50 million.

Positive and negative increases to the fair value of IRLCs and forward sales agreements are recognized in other assets and accrued liabilities, with unrealized gains or losses recorded in other income.

Representations and Warranties of Mortgage Loans—In the ordinary course of business, the Company has a potential liability for representations and warranties made to purchasers and insurers of its mortgage loans, such as first payment defaults and return of premiums received in the event a loan is paid-off within

120 days. Although loans are sold to investors on a nonrecourse basis, the Company may become liable for the unpaid principal and interest on defaulted loans or other loans if there has been a breach of representations or warranties. In such a case, the Company may be required to repurchase these loans with any subsequent loss on resale or foreclosure being borne by the Company. The Company did not repurchase any loans during the year ended December 31, 2006, and did not record a repurchase reserve at December 31, 2006.

Other Commitments—As of December 31, 2006, the Company had received collateral primarily in connection with customer margin loans with a market value of approximately $404.19 million, which it can sell or repledge. Of this amount, approximately $150.52 million has been pledged or sold as of December 31, 2006; $100.38 million was pledged to a bank in connection with an unutilized secured margin line of credit, $35.26 million was pledged to various clearing organizations, and $14.88 million was loaned to the DTC through participation in its Stock Borrow Program. As of December 31, 2005, the Company had received collateral primarily in connection with customer margin loans with a market value of approximately $309.45 million, which it can sell

or repledge. Of this amount, approximately $42.64 million has been pledged or sold as of December 31, 2006; $36.04 million was pledged to various clearing organizations and $6.59 million was loaned to the DTC through participation in its Stock Borrow Program.

In connection with the Transaction, on December 31, 2005, we entered into employment agreements with certain executive officers that provide for their employment and the potential for certain payments upon death, disability, retirement, termination without cause or good reason, or a change in control. Depending on the circumstances, payments may also include severance, bonus, and COBRA reimbursement. Termination without cause or good reason may also cause unvested stock options to become vested. These agreements have an initial term of three years and automatically renew for subsequent one-year terms unless we provide written notice within 90 days prior to the completion of the then-current term.

Innovex sells its mortgage loans without recourse. It is usually required by the buyers (investors) of these loans to make certain representations concerning credit information, loan documentation, and collateral. It has not repurchased any loans during the years ended December 31, 2006 and 2005. As part of its brokerage operations, Innovex periodically enters into when-issued and delayed delivery transactions on behalf of its customers. Settlement of these transactions after December 31, 2006, did not have a material effect on the consolidated statements of financial condition of the Company.

On December 15, 2006, Linsco entered into agreements with a large global insurance company whereby Linsco agreed to provide brokerage, clearing, and custody services on a fully disclosed basis; offer Linsco's investment advisory programs and platforms; and provide technology and additional processing and related services. The term of the agreements are five years, subject to additional 24-month extensions. Services are expected to begin August of 2007.

18. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) defined contribution plan. All employees meeting minimum age and length of service requirements are eligible to participate. The Company has an employer matching program whereby employer contributions are made to the 401(k) plan in an amount equal to 50% of the lesser of the amount designated by the employee for withholding and contribution to the 401(k) plan or 8% of the employee's total compensation. The Company's total cost under the 401(k) plan was $1.85 million, $1.25 million, and $1.52 million, for the years ended December 31, 2006, 2005, and 2004, respectively.

Certain employees, officers, and directors also participate in stock option plans (the "Plans") of the Company (previously Plans of LPLH). The Plans were assumed by and converted into Plans of the Company in conjunction with the Acquisition in Note 1, and provide for the granting of 3,349,437 incentive

stock options, 199,264 nonqualified stock options, and an unspecified number of stock appreciation rights. Stock options granted under the Plans have an exercise period of 10 years and generally vest 33-1/3% on the fifth anniversary of the grant date, and an additional 33-1/3% on each of the sixth and seventh anniversaries of that date. Shares issued in conjunction with stock option exercises are issued from shares previously authorized, but not yet issued.

The Plans and the underlying option agreements also provide for accelerated vesting upon certain changes in control, including a public offering. The Acquisition qualified as a change in control event that triggered the acceleration provisions in the Plans. Immediately prior to that event and in accordance with the Plans, each employee's stock appreciation rights became fully vested and each employee's unvested stock options became 33-1/3% vested. In conjunction with the Acquisition, certain employees elected to exercise their vested options or to convert them along with any unvested options into options for common shares of the Company, retaining the same terms and conditions of the original Plans. A total of 1,652,049 options were exercised and sold with the remaining 2,103,966 converted into 2,107,814 options. Additionally, all outstanding stock appreciation rights were exercised for which the former holders received a cash payment equal to the fair market value, as determined in the Acquisition, less the applicable exercise price and certain selling expenses. For the year ended December 31, 2005, the Company recognized compensation expense of $5.06 million related to the accelerated vesting of the stock options, and $15.74 million related to the related to the exercise and sale of stock appreciation rights. All remaining unvested stock options vest in equal increments on December 28, 2006 and December 28, 2007.

The exercise and sale of stock options and stock appreciation rights generated a tax benefit to the Company of approximately $62.70 million, $9.39 million of which was recorded through income tax expense in the accompanying consolidated statements of income and $53.31 million of which was recorded as additional paid-in capital in the accompanying statements of stockholders' equity.

The following table summarizes activity relating to the stock option plans assumed by the Company for the years ended December 31, 2006, 2005, and 2004 (post-conversion):

	Outstanding—Beginning of Period	Granted	Exercised	Forfeited	Outstanding—End of Period	Options Exercisable at End of Period
Year ended December 31, 2006						
Options	2,107,814	10,800	(2,837)	(10,982)	2,104,795	1,119,036
Weighted-average exercise price	$ 16.45	$ 144.14	$ 12.31	$ 17.01	$ 17.10	$ 16.49
Year ended December 31, 2005 (Predecessor)						
Options	3,994,423	75,243	(1,863,564)	(98,288)	2,107,814	147,013
Weighted-average exercise price	$ 13.95	$ 24.88	$ 11.51	$ 14.92	$ 16.45	$ 17.12
Year ended December 31, 2004 (Predecessor)*						
Options	3,281,160	898,129	—	(184,866)	3,994,423	711,398
Weighted-average exercise price	$ 13.66	$ 15.01	$ —	$ 13.97	$ 13.95	$ 5.09

The following table summarizes information about stock options outstanding:

Range of Exercise Prices	Options Outstanding	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price
At December 31, 2006:					
$10.78–$23.83	2,092,994	6.14	$ 16.40	1,118,536	$ 16.45
$103.00–$158.47	11,801	9.77	$ 140.65	500	$ 103.00
	2,104,795	6.16		1,119,036	
At December 31, 2005 (Predecessor):					
$10.78–$23.83	2,106,812	7.15	$ 16.39	147,103	$ 17.12
$103.00	1,002	10.00	$ 103.00	—	$ 0.00
	2,107,814	7.15		147,103	$ 17.12
At December 31, 2004 (Predecessor):*					
$0.05	377,040	3.76	$ 0.05	377,040	$ 0.05
$10.78–$23.03	3,617,383	7.63	$ 15.39	334,358	$ 10.78
	3,994,423	7.27		711,398	$ 5.09

* Note: December 31, 2004 tables have been revised to reflect conversion ratio into LPLIH options.

In November 2004, the Company modified certain provisions of the stockholders' agreement underlying its stock options plan that significantly altered the original value of all outstanding employee stock options granted. For accounting purposes, this modification resulted in a new measurement date and total compensation of $30.58 million, which is expensed over the original life of the awards. The Company recognizes this compensation according to the vesting schedule and for the years ended December 31, 2006, 2005, and 2004 and has recorded approximately $2.85 million, $8.35 million, and $17.04 million, respectively, in employee compensation and benefits in the accompanying consolidated statements of income with corresponding increases in additional paid-in capital. Approximately $1.40 million remains in unrecognized compensation for those awards that are expected to be recognized ratably through December 31, 2007, their final vesting period. Employee terminations and other cancellations or forfeitures will reduce these amounts.

The Company's IFAs participate in a stock bonus plan, which provides for the grant and allocation of up to 771,693 bonus credits. Each bonus credit represents the right to receive shares of common stock in the Company. Participation in the stock bonus plan is dependent upon meeting certain eligibility criteria, and shares are allocated to eligible participants based on certain performance metrics including amount and type of commissions as well as tenure with the firm. Bonus credits vest annually in equal increments of 33-1/3% over a three-year period commencing in 2006 and expire on the 10th anniversary following the date of grant. Vested bonus credits convert into shares of common stock only upon the occurrence of a Company sale that constitutes a change in control or subsequent to an initial public offering. Unvested bonus credits held by IFAs who terminate prior to vesting will be forfeited and may be reallocated to other IFAs eligible under the plan. In conjunction with the transaction, each bonus credit was converted into a right to receive, on the same terms as conditions as previously applicable, bonus credits for common stock in the Company.

19. SEGMENT INFORMATION

Under SFAS No. 131 "*Disclosures about Segments of an Enterprise and Related Information*" ("SFAS 131"), operating segments are defined as components of a company for which separate financial

information is evaluated regularly by the chief operating decision marker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company classifies its operating segments based on financial products and services offered to its IFAs. As of December 31, 2006, the Company had identified five operating segments: Independent Financial Advisors, Trust Services, Mortgage Services, Insurance Services, and Affiliated Advisory Services.

The Independent Financial Advisors segment provides a full range of brokerage, investment advisory and infrastructure services to IFAs and financial institutions in the United States. The other four business segments provide trust and related custodial services, mortgage brokerage and underwriting services, fixed insurance services, and a private-labeled investment advisory platform, almost entirely to clients of IFAs of the Independent Financial Advisors segment. These other four business segments do not, individually or in the aggregate, meet the reporting requirements under SFAS 131, and consequently have been aggregated as "Other" for reporting purposes.

The accounting policies of the segments are the same as those described in Note 2 "Significant Accounting Policies". The Company evaluates the performance of its segments on a pre-tax basis excluding items such as impairment charges, discontinued operations, and extraordinary items. Inter-segment revenues, defined as revenues from transactions with other segments within the Company, are not material and are therefore not disclosed.

Financial information for the Company's reportable segments is presented in the following table (in thousands):

	Independent Financial Advisors	Other	Total Operating Segments	Corporate and Unallocated(b)	Consolidated Total
December 31, 2006					
Revenues	1,723,851	23,193	1,747,044	(7,108)	1,739,936
Interest expense	88	176	264	125,140	125,404
Depreciation and amortization	16,798	362	17,160	48,188	65,348
Income (loss) from continuing operations before income taxes	229,265	1,520	230,785	(175,919)	54,866
Capital expenditures	22,934	91	23,025	13	23,038
Total assets, end of year	758,532	25,296	783,828	2,013,716(c)	2,797,544
December 31, 2005					
Revenues	1,391,870	20,320	1,412,190	(4,894)	1,407,296

Interest expense	36	194	230	2,134	2,364
Depreciation and amortization	15,789	208	15,997	1,857	17,854
Income (loss) from continuing operations before income taxes	143,501	(1,965)(a)	141,536	(25,786)	115,750
Capital expenditures	18,795	614	19,409	15	19,424
Total assets, end of year	640,489	15,031	655,520	1,982,966(c)	2,638,486
December 31, 2004					
Revenues	1,144,419	13,982	1,158,401	(1,016)	1,157,385
Interest expense	99	68	167	1,280	1,447
Depreciation and amortization	13,407	129	13,536	2,262	15,798
Income (loss) from continuing operations before income taxes	92,399	125	92,524	(24,620)	67,904
Capital expenditures	13,718	380	14,098	238	14,336
Total assets, end of year	529,367	15,819	545,186	60,960	606,146

(a) 2005 loss from continuing operations includes a non-cash goodwill impairment charge of $3.16 million.

(b) Corporate and unallocated includes interest income and interest expense, land, system development costs and related amortization expense, amortization of finite lived intangibles, and inter-segment eliminations.

(c) Total assets at the Corporate level include $1.78 billion and $1.81 billion of goodwill and other identifiable intangible assets as of the years ended December 31, 2006 and December 31, 2005, respectively. Such amounts have not been allocated to the operating segments and are not evaluated by the chief operating decision maker in deciding how to allocate resources or in assessing performance.

Revenues from the Company's significant products and services consisted of the following (in thousands):

	Year ended December 31,		
	2006	2005	2004
Commission revenues			
Annuities	$ 383,991	$ 299,814	$ 248,023
Mutual funds	309,180	265,964	229,961
Other	197,318	179,161	162,144
Total commission revenues	890,489	744,939	640,128
Advisory fees	521,058	399,362	301,090
Asset-based fees	147,364	107,726	89,561
Fee revenues	87,901	83,204	65,679
Transaction revenues	46,595	42,640	38,489
Interest income	28,402	17,719	12,829
Other	18,127	11,706	9,609
Total revenues	$ 1,739,936	$ 1,407,296	$ 1,157,385

20. RELATED-PARTY TRANSACTIONS

Linsco provides GPA, an entity with common stockholders of the Company, with personnel and certain other operational and administrative support services pursuant to the terms and consideration outlined in services agreements amended on October 27, 2005. For the years ended December 31, 2006, 2005, and 2004 Linsco earned $244,000, $364,000, and $258,000 in annual fees, respectively, under such agreements.

In July 2005, LPLH's Class A common stock personally assumed the Company's obligation to make unrestricted pledges to various educational institutions. The assumption of such pledges amounted to $383,000 after taxes. Assumption of the Company's liability has been recorded as a capital contribution in the accompanying consolidated statements of stockholders' equity.

In August 2005, Glenoak sold all of its assets to Challenger Outpost, LLC (an entity controlled by the Company's controlling stockholder at that time) for $20.36 million. The carrying value of Glenoak's interest in such assets was $20.99 million. Because of the related-party nature of the transaction, the loss on sale of $411,000 is presented as a distribution to LPLH's Class A common stockholder in the accompanying consolidated statements of stockholders' equity.

During 2004, the Company made secured loans in the aggregate amount of $8.65 million to stockholders of the Company. All loans were repaid in December 2004. While outstanding, the loans accrued interest at the minimum federal rate per annum as prescribed by the Internal Revenue Service.

In December 2004, the Company sold certain property and equipment with a carrying value of $5.24 million to its primary stockholder for $4.83 million. The difference in the carrying value and the cash payment was recorded as a distribution to LPLH's Class A common stockholder in the accompanying consolidated statements of stockholders' equity.

21. NET CAPITAL/REGULATORY REQUIREMENTS

As a registered broker-dealer, Linsco is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum net capital. The Company uses the alternative method, permitted by the rule, which requires that it maintain minimum net capital, as defined, equal to the greater of $250,000 or 2% of aggregate debit balances arising from customers' transactions, as defined. The Company is also subject to the CFTC's minimum financial requirements, which require that it maintain net capital, as defined, equal to 4% of customer funds required to be segregated pursuant to the Commodity

Exchange Act, less the market value of certain commodity options, all as defined. At December 31, 2006, the Company had net capital of $39.19 million, which was $32.12 million in excess of its minimum required net capital.

PTCH is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. As of December 31, 2006, the Company has met all capital adequacy requirements to which it is subject.

Innovex is a HUD-approved nonsupervised mortgagee. To maintain HUD approval, Innovex is required to have a net worth of at least $250,000 and must maintain liquid assets (cash, cash equivalents, or readily convertible instruments) of 20% of its net worth, up to a maximum amount of $100,000. As of December 31, 2006, Innovex had adjusted net worth of $1.73 million, which was $1.48 million in excess of required net worth. In addition, Innovex had liquid assets of $1.14 million as of December 31, 2006.

22. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT RISK AND CONCENTRATIONS OF CREDIT RISK

Linsco's customer securities activities are transacted on either a cash or margin basis. In margin transactions, Linsco extends credit to the customer, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. As customers write options contracts or sell securities short, Linsco may incur losses if the customers do not fulfill their obligations and the collateral in the customers' accounts is not sufficient to fully cover losses that customers may incur from these strategies. To control this risk, Linsco monitors margin levels daily and customers are required to deposit additional collateral, or reduce positions, when necessary.

Linsco is obligated to settle transactions with brokers and other financial institutions even if its customers fail to meet their obligation to Linsco. Customers are required to complete their transactions on the settlement date, generally three business days after the trade date. If customers do not fulfill their contractual obligations, Linsco may incur losses. Linsco has established procedures to reduce this risk by generally requiring that customers deposit cash and/or securities into their account prior to placing an order.

Linsco may at times maintain inventories in equity securities on both a long and short basis that are recorded on the accompanying statements of financial condition at market value. While long inventory positions represent Linsco's ownership of securities, short inventory positions represent obligations of Linsco to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transaction. Accordingly, both long and short inventory positions may result in losses or gains to Linsco as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked-to-market daily and are continuously monitored by Linsco.

23. SUBSEQUENT EVENTS (UNAUDITED)

On January 2, 2007, the Company acquired all of the outstanding stock of UVEST Financial Services Group, Inc. which provides independent non-proprietary third-party brokerage services to financial

institutions, for approximately $79.60 million in cash and $10.81 million in shares of common stock. The Company financed $50.00 million of the purchase price with borrowings against its Senior Secured Notes (Tranche C). Additionally, on January 29, 2007, the Company made an additional capital contribution of $1.50 million to fund working capital.

On March 2, 2007, the Company entered into a definitive agreement with an insurance company to acquire all of the outstanding equity of three of its broker-dealers for approximately $97.10 million. The Company expects to finance a portion of the purchase price with the issuance of additional debt on its existing credit facility. This transaction is expected to close promptly following receipt of regulatory approvals and satisfaction of customary closing conditions.

The Company anticipates making a 338(h)(10) election for both transactions, which will allow the Company to treat the stock purchases as an asset purchase for tax purposes. The results of operations from the transactions will be included in the Company's consolidated financial statements subsequent to the dates of acquisition.

On February 8, 2007, Moody's rating service announced that it raised the Company's corporate family rating to 'B1' with a positive outlook, from 'B2'. As a result of the upgrade, the Company received a step-down of 0.25% in the applicable interest rate margin for its Tranche C Notes, reducing the maximum applicable interest rate margin from 2.75% to 2.50%.

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CERTIFICATE OF INCORPORATION
OF
BD INVESTMENT HOLDINGS INC.

I, the undersigned, for the purpose of incorporating and organizing a corporation under the General Corporation Law of the State of Delaware, do hereby execute this Certificate of incorporation and do hereby certify as follows:

ARTICLE I

The name of the corporation (which is hereinafter referred to as the "Corporation") is:

BD Investment Holdings Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is c/o The Corporation Trust Company at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

ARTICLE IV

Section 1. The Corporation shall be authorized to issue 100 shares of capital stock, of which 100 shares shall be shares of Common Stock, $0.01 par value ("Common Stock").

Section 2. Except as otherwise provided by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Each share of Common Stock shall have one vote, and the Common Stock shall vote together as a single class.

ARTICLE V

Unless and except to the extent that the By-Laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE VI

In furtherance and not in limitation of the powers conferred by law, the Board of Directors of the Corporation (the "Board") is expressly authorized and empowered to make, alter and repeal the By-Laws of the Corporation by a majority vote at any regular or special meeting of the Board or by written consent, subject to the power of the stockholders of the Corporation to alter or repeal any By-Laws made by the Board.

ARTICLE VII

The Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article.

ARTICLE VIII

Section 1. Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

Section 2. Indemnification and Insurance.

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to

employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, to the fullest extent permitted by law, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and

loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided*, *however*, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board, The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; *provided*, *however*, that, if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of the Board, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(b) Right of Claimant to Bring Suit. If a claim under paragraph (a) of this Section is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the

claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-law, agreement, vote of stockholders or disinterested directors or otherwise.

(d) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

ARTICLE IX

The name and mailing address of the incorporator is Gregory E. Ostling, Esq., c/o Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019.

IN WITNESS WHEREOF, I, the undersigned, being the incorporator hereinbefore named, do hereby further certify that the facts hereinabove stated are truly set forth and, accordingly, I have hereunto set my hand this 25th day of October, 2005.

By: /s/ Gregory E. Ostling
Gregory E. Ostling

Exhibit 3.2

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

OF

BD INVESTMENT HOLDINGS INC.

BD Investment Holdings Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That by an action by unanimous written consent without a Board of Directors' meeting, pursuant to Section 141(f) of the General Corporation Law of the State of Delaware, dated December 20, 2005, a resolution was duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that, upon approval of the stockholders of the Corporation, Section 1 of Article IV of the Corporation's Certificate of Incorporation be amended to read in its entirety as follows:

"Section 1. The Corporation shall be authorized to issue 20,000,000 shares of capital stock, of which 20,000,000 shares shall be shares of Common Stock, $0.01 par value ("Common Stock")."

SECOND: That in lieu of a meeting and vote of stockholders, by an action by unanimous written consent without a stockholder's meeting, pursuant to Section 228(a) of the General Corporation Law of the State of Delaware, dated December 20, 2005, said amendment was duly adopted in accordance with the applicable provisions of Sections 242 of the General Corporation Law of the State of Delaware.

THIRD: That Section 1 of Article IV of the Corporation's Certificate of Incorporation be, and it hereby is, amended to read in its entirety as follows:

"Section 1. The Corporation shall be authorized to issue 20,000,000 shares of capital stock, of which 20,000,000 shares shall be shares of Common Stock, $0.01 par value ("Common Stock")."

FOURTH: That the amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said BD Investment Holdings Inc. has caused this certificate to be signed by its President, and attested by its Secretary, this 20th day of December, 2005.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title: President

ATTEST:

By: /s/ Jeffrey Goldstein
Name: Jeffrey Goldstein
Title: Secretary

Exhibit 3.3

CERTIFICATE OF AMENDMENT OF

CERTIFICATE OF INCORPORATION OF

BD INVESTMENT HOLDINGS INC.

BD Investment Holdings Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

> RESOLVED, that the Certificate of Incorporation of BD Investment Holdings Inc. be amended by changing the First Article thereof so that, as amended, said Article shall be and read as follows:

LPL INVESTMENT HOLDINGS INC.

SECOND: That in lieu of a meeting and vote of the stockholders, the stockholders have given written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That this Certificate of Amendment of the Certificate of Incorporation shall be effective on filing.

IN WITNESS WHEREOF, said BD Investment Holdings Inc. has caused this certificate to be signed by Stephanie L. Brown, its Secretary, this 10th day of March, 2006.

By: /s/ Stephanie L. Brown
Secretary

BY-LAWS

OF

LPL INVESTMENT HOLDINGS INC.

Incorporated under the Laws of the State of Delaware

ARTICLE I

OFFICES AND RECORDS

SECTION 1.1 Delaware Office. The principal office of the Corporation in the State of Delaware shall be located in the City of Wilmington, New Castle County, and the name and address of its registered agent is The Corporation Trust Company at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

SECTION 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

SECTION 1.3 Books and Records. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

SECTION 2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

SECTION 2.2 Special Meeting. Subject to the rights of the holders of any series of stock having a preference over the Common Stock of the Corporation as to dividends or upon liquidation ("Preferred Stock") with respect to such series of Preferred Stock, special meetings of the stockholders may be called only by the Chairman of the Board or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the "Whole Board").

SECTION 2.3 Place of Meeting. The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual meeting or for any

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special meeting of the stockholders called by the Board of Directors or the Chairman of the Board. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

SECTION 2.4 Notice of Meeting. Written or printed notice, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 6.4 of these By-Laws. Any previously scheduled meeting of the stockholders may be postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 2.5 Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the meeting or a majority of the shares so represented may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6 Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his duly authorized attorney in fact.

SECTION 2.7 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-Law, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this By-Law, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; *provided*, *however*, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this By-Law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected

pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this By-Law, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this By-Law. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this By-Law shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(C) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-Law and, if any proposed nomination or business is not in compliance with this By-Law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this By-Law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

SECTION 2.8 Procedure for Election of Directors Required Vote. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a plurality of the votes cast thereat shall elect directors. Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, in all matters other than the election of directors, the affirmative vote of a majority of the shares present in

person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

SECTION 2.9 Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The Chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 2.10 Record Date for Action by Written Consent. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

SECTION 2.11 Inspectors of Written Consent. In the event of the delivery, in the manner provided by Section 2.10, to the Corporation of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Corporation shall engage nationally recognized independent inspectors of elections for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent

without a meeting shall be effective until such date as the independent inspectors certify to the Corporation that the consents delivered to the Corporation in accordance with Section 2.10 represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

SECTION 2.12 Effectiveness of Written Consent. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated written consent received in accordance with Section 2.10, a written consent or consents signed by a sufficient number of holders to take such action are delivered to the Corporation in the manner prescribed in Section 2.10.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

SECTION 3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board. Commencing with the 2006 annual meeting of stockholders of the Corporation, the directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the term of office of the first class to expire at the 2007 annual meeting of stockholders, the term of office of the second class to expire at the 2008 annual meeting of stockholders and the term of office of the third class to expire at the 2009 annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 2007 annual meeting, (i) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (ii) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

SECTION 3.3 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the Annual Meeting of Stockholders. The Board of Directors may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 3.4 Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the President or a majority of the Board of Directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

SECTION 3.5 Notice. Notice of any special meeting of directors shall be given to each director at his business or residence in writing by hand delivery, first-class or overnight mail or courier service, telegram or facsimile transmission, or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, overnight mail or courier service, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company or the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by facsimile transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twelve (12) hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these By-Laws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.4 of these By-Laws.

SECTION 3.6 Action by Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 3.7 Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.8 Quorum. Subject to Section 3.9, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.9 Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

SECTION 3.10 Executive and Other Committees. The Board of Directors may, by resolution adopted by a majority of the Whole Board, designate an Executive Committee to exercise, subject to applicable provisions of law, all the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session, including without limitation the power to declare dividends, to authorize the issuance of the Corporation's capital stock and to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of the State of Delaware, and may, by resolution similarly adopted, designate one or more other committees. The Executive Committee and each such other committee shall consist of two or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, other than the Executive Committee (the powers of which are expressly provided for herein), may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required.

A majority of any committee may determine its action and fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Section 3.5 of these By-Laws. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; *provided*, *however*, that no such committee shall have or may exercise any authority of the Board.

SECTION 3.11 Removal. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80 percent of the voting power of all of the then outstanding shares of Voting Stock, voting together as a single class.

SECTION 3.12 Records. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

ARTICLE IV

OFFICERS

SECTION 4.1 Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board of Directors, a President, a Secretary, a Treasurer, and such other officers (including, without limitation, a Chief Financial Officer) as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this ARTICLE IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board or any committee thereof may from time to time elect, or the Chairman of the Board or President may appoint, such other officers (including one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these By-Laws or as may be prescribed by the Board or such committee or by the Chairman of the Board or President, as the case may be.

SECTION 4.2 Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after the annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the Whole Board or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or President. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 4.3 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall be the Chief Executive Officer of the Company. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office which may be required by law and all such other duties as are properly required of him by the Board of Directors. He shall make reports to the Board of Directors and the stockholders, and shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect. The Chairman of the Board may also serve as President, if so elected by the Board.

SECTION 4.4 President. The President shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation’s business and general supervision of its policies and affairs. The President shall, in

the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board of Directors.

SECTION 4.5 Vice-Presidents. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board of Directors.

SECTION 4.6 Chief Financial Officer. The Chief Financial Officer (if any) shall be a Vice President and act in an executive financial capacity. He shall assist the Chairman of the Board and the President in the general supervision of the Corporation’s financial policies and affairs.

SECTION 4.7 Treasurer. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board of Directors. He shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board of Directors, the Chairman of the Board or the President.

SECTION 4.8 Secretary. The Secretary shall keep or cause to be kept in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he shall see that all notices are duly given in accordance with the provisions of these By-Laws and as required by law; he shall be custodian of the records of the Corporation; and he shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the President.

SECTION 4.9 Removal. Any officer elected, or agent appointed, by the Board of Directors may be removed by the affirmative vote of a majority of the Whole Board whenever, in their judgment, the best interests of the Corporation would be served thereby. Any officer or agent appointed by the Chairman of the Board or the President may be removed by him whenever, in his judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 4.10 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors. Any vacancy in an office appointed by the Chairman of the Board or the President because of death, resignation, or removal may be filled by the Chairman of the Board or the President.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

SECTION 5.1 Stock Certificates and Transfers. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe. The shares of the stock of the Corporation shall be transferred on the books of the Corporation by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 5.2 Lost, Stolen or Destroyed Certificates. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its or his discretion require.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

SECTION 6.2 Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

SECTION 6.3 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting.

SECTION 6.4 Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant

selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be done annually.

SECTION 6.5 Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the President, or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President, or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 6.6 Indemnification and Insurance. (A) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided, however,* that except as provided in paragraph (C) of this By-Law, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this By-Law shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; *provided, however,* that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this By-Law or otherwise.

(B) To obtain indemnification under this By-Law, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and

information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a change of control in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

(C) If a claim under paragraph (A) of this By-Law is not paid in full by the Corporation within thirty days after a written claim pursuant to paragraph (B) of this By-Law has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(D) If a determination shall have been made pursuant to paragraph (B) of this By-Law that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (C) of this By-Law.

(E) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (C) of this By-Law that the procedures and presumptions of this By-Law are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this By-Law.

(F) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this By-Law shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of stockholders or Disinterested Directors or otherwise. No repeal or modification of this By-Law shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(G) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of this By-Law, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

(H) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this By-Law with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(I) If any provision or provisions of this By-Law shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this By-Law (including, without limitation, each portion of any paragraph of this By-Law containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this By-Law (including, without limitation, each such portion of any paragraph of this By-Law containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of this By-Law:

(1) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this By-Law.

(K) Any notice, request or other communication required or permitted to be given to the Corporation under this By-Law shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

ARTICLE VII

CONTRACTS, PROXIES, ETC.

SECTION 7.1 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the President or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the President or any Vice President of the Corporation may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

SECTION 7.2 Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

SECTION 8.1 Amendments. These By-Laws may be altered, amended, or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting and, in the case of a meeting of the Board of Directors, in a notice given not less than two days prior to the meeting; *provided*, *however*, that, in the case of amendments by stockholders, notwithstanding any other provisions of these By-Laws or any provision of law which might otherwise permit a lesser vote or no vote.

LPL HOLDINGS, INC.

AND EACH OF THE GUARANTORS PARTY HERETO

$550 MILLION

10.75% SENIOR SUBORDINATED NOTES DUE 2015

INDENTURE

Dated as of December 28, 2005

Wells Fargo Bank, N.A.

Trustee

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EXHIBITS

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Exhibit A2:	FORM OF REGULATION S TEMPORARY GLOBAL NOTE
Exhibit B:	FORM OF CERTIFICATE OF TRANSFER
Exhibit C:	FORM OF CERTIFICATE OF EXCHANGE
Exhibit D:	FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTORS
Exhibit E:	FORM OF NOTATION OF GUARANTEE
Exhibit F:	FORM OF SUPPLEMENTAL INDENTURE

INDENTURE dated as of December 28, 2005 between LPL Holdings, Inc., a Massachusetts corporation (the "*Issuer*"), Holdings (as defined herein), Initial Guarantors listed in clauses (a) through (d) of the definition of Guarantors, as guarantors (each an "*Initial Guarantor*") and Wells Fargo Bank, N.A., as trustee ("*Trustee*").

The Issuer, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined) of the 10.75% Senior Subordinated Notes due 2015 (the "*Notes*"):

ARTICLE 1
DEFINITIONS AND INCORPORATION
BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note substantially in the form of Exhibit Al hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"*Acceptable Commitment*" has the meaning ascribed to it in Section 4.10(b).

"*Acquired Indebtedness*" means, with respect to any specified Person,

(a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person; and

(b) Indebtedness secured by a Lien encumbering any asset at the time such asset is acquired by such specified Person.

"*Acquisition*" means the acquisition by affiliates of the Sponsors of the Company pursuant to the Transaction Agreement, pursuant to which AcquisitionCo is being merged with and into the Company, with the Company as the surviving corporation of such merger.

"*AcquisitionCo*" means BD Acquisition Inc., a Massachusetts corporation and a Wholly-Owned Subsidiary of Holdings.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"*Agent*" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"*Aggregate Customer Debits*" shall have the meaning set forth in Rule 15(c)3-3 of the Exchange Act.

"*Applicable Premium*" means, with respect to any Note on any Redemption Date: (a) the present value at such Redemption Date of (i) the redemption price of the Note as of the fifth anniversary of the Issue Date (such redemption price being set forth in the table appearing in Section 3.07 hereof), *plus* (ii) all required interest payments due on the Note through the fifth anniversary of the Issue Date (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate (applied semi-annually) equal to the Treasury Rate as of such Redemption Date *plus* 50 basis points; over (b) the principal amount of the Note, if greater; *provided* that in no event shall the Applicable Premium shall be less than "0". Determinations required to be made hereunder shall be made by the Issuer in good faith.

"*Applicable Procedures*" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"*Asset Sale*" means

(a) the sale, conveyance, transfer, assignment, lease (other than operating leases entered into in the ordinary course of business) or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a sale and leaseback) of the Issuer or any Restricted Subsidiary (each referred to in this definition as a "disposition"); and

(b) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock of Restricted Subsidiaries issued in compliance with Section 4.09 hereof), whether in a single transaction or a series of related transactions, in each case, other than:

(1) a disposition of cash or Cash Equivalents or Investment Grade Securities or obsolete or worn out equipment, vehicles or other similar assets in the ordinary course of business or inventory or goods held for sale in the ordinary course of business;

(2) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions of Section 5.01 hereof or any disposition that constitutes a Change of Control pursuant to this Indenture;

(3) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under Section 4.07 hereof;

(4) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of transactions with an aggregate Fair Market Value of less than $10.0 million;

(5) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to an Unlimited Restricted Subsidiary;

(6) any disposition of property or assets by the Issuer or an Unlimited Restricted Subsidiary to a Limited Restricted Subsidiary so long as (x) such disposition is made in the ordinary course of business of the Issuer and its Restricted Subsidiaries consistent with past practices or (y) at the time and after giving effect to such disposition, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to l.0;

(7) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (excluding any "boot" thereon) for use in a Similar Business;

(8) the lease, assignment or sub lease of any real or personal property in the ordinary course of business;

(9) foreclosures on assets;

(10) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including, without limitation, any sale leaseback transaction and asset securitization permitted by this Indenture;

(11) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(12) sales of accounts receivable, or participations therein;

(13) sales of Investments in "seed investment portfolios"; and

(14) the unwinding of any Hedging Obligations.

"*Attributable Debt*" in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended); *provided*, *however* that if such sale and leaseback transaction results in a Capitalized Lease Obligation, the amount of Indebtedness represented thereby shall be determined in accordance with the definition of "Capitalized Lease Obligations".

"*Bankruptcy Law*" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns," "Beneficially Owned" and "Beneficial Ownership" have a corresponding meaning.

"*Board of Directors*" means:

(a) with respect to a corporation, the Board of Directors of the corporation or any committee thereof duly authorized to act on behalf of such board,

(b) with respect to a partnership, the Board of Directors of the general partner of the partnership,

(c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof, and

(d) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Broker-Dealer Capital Requirement*" means the greater of (a) $40,000,000 and (b) 15% of Aggregate Customer Debits.

"*Broker-Dealer Regulated Subsidiary*" means any Subsidiary that is registered as a broker-dealer under the Exchange Act or any other applicable law requiring such registration.

"*Broker-Dealer Required Cash*" means the greater of (a) the difference of (i) all cash and cash equivalents (including Segregated Cash) on the balance sheet of the Broker-Dealer Regulated Subsidiary and (ii) Broker-Dealer Surplus Capital of the Broker-Dealer Regulated Subsidiary and (b) Calculated Segregated Cash.

"*Broker-Dealer Restricted Subsidiary*" means a Restricted Subsidiary of the Issuer that is a Broker-Dealer Regulated Subsidiary.

"*Broker-Dealer Surplus Capital*" means the difference of (a) the Net Capital (as defined in Rule 15(c)3-1 of the Exchange Act) of the Broker-Dealer Regulated Subsidiary and (b) the Broker-Dealer Capital Requirement.

"*Business Day*" means any day other than a Legal Holiday.

"*Calculated Segregated Cash*" means all cash and qualified cash equivalents required to be segregated as calculated under Rule 15(c)3-3 of the Exchange Act.

"*Calculation Date*" has the meaning assigned to it in the definition of "Fixed Charge Coverage Ratio".

"*Capital Stock*" means

(a) in the case of a corporation, corporate stock,

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock,

(c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited), and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"*Cash Equivalents*" means

(a) United States dollars,

(b) pounds sterling,

(c) (i) euro, or any national currency of any participating member state in the European Union or,

(ii) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them time to time in the ordinary course of business,

(d) securities issued or directly and fully and unconditionally guaranteed or insured by the United States government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition,

(e) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding two years and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of $250.0 million in the case of a domestic bank and $100.0 million in the case of a foreign bank,

(f) repurchase obligations for underlying securities of the types described in clauses (d) and (e) entered into with any financial institution meeting the qualifications specified in clause (d) above,

(g) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P and in each case maturing within 12 months after the date of creation thereof,

(h) investment funds investing 95% of their assets in securities of the types described in clauses (a) through (f) above,

(i) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition and

(j) Indebtedness or preferred stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 12 months or less from the date of

acquisition. Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (a) through (c) above and United States dollars, *provided* that such amounts are converted into any currency listed in clauses (a) through (c) and United States dollars as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

"*Change of Control*" means the occurrence of any of the following:

(a) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder; or

(b) prior to the initial public Equity Offering to occur after the Issue Date, (i) the Sponsors directly or indirectly sell or dispose of (other than to one or more Sponsors) a number of shares of Capital Stock of Holdings (adjusted for stock splits, combinations, and comparable transactions) representing more than 50% of the number of shares of any class of Capital Stock of Holdings owned by the Sponsors as of the Issue Date (or of any class of Capital Stock into which any such class is converted after the Issue Date or a result of a recapitalization, merger or otherwise), or (ii) the Sponsors, at any time after the Issue Date, do not have the unilateral right or ability, by voting power, contract or otherwise, and without the consent of any other holder of Capital Stock of Holdings, to (A) designate and cause the election of at least 50% of the Board of Directors of Holdings, or (B) require, in their capacity as holders of Capital Stock of Holdings, that business decisions by Holdings or its Subsidiaries with respect to (a) the hiring and/or removal of the chief executive officer; (b) debt

or equity financings generating gross proceeds in the case of each individual financing at least equal to the greater of (1) 6.50% of Total Assets and (2) $200.0 million or more; (c) asset sales involving consideration in the case of each individual asset sale at least equal to the greater of (1) 10.00% of Total Assets and (2) $300.0 million or more; and (d) acquisitions and other business combinations involving consideration in the case of each individual acquisition or other business combination at least equal to the greater of (1) 10.00% of Total Assets and (2) $300.0 million or more, be approved by the Sponsors or their representatives; or

(c) after the initial public Equity Offering to occur after the Issue Date, the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase, of any shares of Capital Stock, after giving effect to which such Person or group is or becomes the Beneficial Owner of Capital Stock of Holdings representing 50% or more of the total voting power of the Voting Stock of Holdings (it being understood that no Change of Control shall be deemed to occur if any such Person or group is the Beneficial Owner of 50% or more of the total voting power of the Voting Stock of Holdings immediately after giving effect to the consummation of such initial public Equity Offering, except to the extent that such Person or group thereafter acquires shares of Capital Stock and this clause (c) would otherwise apply after giving effect to such acquisition).

"*Clearstream*" means Clearstream Banking, S.A.

"*CNTA Growth Factor*", as of any determination date, means (i) l *plus* (ii) a fraction, (x) the numerator of which is the difference (whether positive or negative) between the Consolidated Net Tangible Assets of the Issuer (A) as of the most recent fiscal quarter of the Issuer prior to such determination date for which financial statements are available, and (B) as of the beginning of the first full fiscal quarter of the Issuer after the Issue Date, and (y) the denominator of which is the Consolidated Net Tangible Assets as of the beginning of the first full fiscal quarter of the Issuer after the Issue Date.

"*Consolidated Depreciation and Amortization Expense*" means with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated Indebtedness*" means (i) the sum of (a) Indebtedness of the Issuer and its Restricted Subsidiaries (exclusive of (x) Indebtedness referred to in clause (a)(4) (unless such Indebtedness is required to be recorded as a liability on the consolidated balance sheet of the Company and its Restricted Subsidiaries in accordance with GAAP) of the definition thereof, (y) Customer Financing Indebtedness and (z) for the avoidance of doubt, all obligations relating to Receivables Facilities) in respect of borrowed money, Obligations in respect of Capitalized Lease Obligations and debt obligations evidenced by promissory notes and similar instruments, plus (b) the amount of all Disqualified Stock of the Issuer then outstanding, plus (c) the amount of all Preferred Stock of each Restricted Subsidiary then outstanding and not held by the Issuer or another Restricted Subsidiary, *less* (ii) (x) the sum of the aggregate amount of cash and cash equivalents included in the cash accounts listed on the consolidated balance sheet of the Issuer and the Restricted Subsidiaries, plus all Segregated Cash, as at such date, to the extent that such sum exceeds (y) the amount of Required Cash and to the extent the use thereof for application to the payment of Indebtedness is not otherwise prohibited by law or any contract to which the Issuer and the Restricted Subsidiaries is a party.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum, without duplication, of:

(a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discount resulting from the issuance of Indebtedness at less than par, noncash interest payments (but excluding any noncash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Statement No. 133—"Accounting for Derivative Instruments and Hedging Activities"), the interest component of Capitalized Lease Obligations and net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (i) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (ii) any expensing of bridge or other financing fees, commitments, administration and transaction fees and charges, (iii) interest relating to any Customer Financing Indebtedness, (iv) Receivables Fees and any other commissions, discounts,

yields and other fees and charges (including any interest expense) relating to a Receivables Facility), and

(b) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, less

(c) interest income for such period except to the extent already included in Consolidated Net Income.

"*Consolidated Net Income*" means with respect to any Person for any period, the aggregate of the Net income, of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided*, *however*, that

(a) there shall be excluded in computing Consolidated Net Income (x) any extraordinary gains, (y) any extraordinary losses and unusual or non-recurring charges (during any period properly classified as such on the balance sheet of the Issuer in conformity with GAAP) including any Transaction Expenses to the extent incurred on or prior to December 31, 2006, and (z) severance, relocation costs and curtailment or modification to pension and post-retirement employee benefit plans,

(b) the Net Income for such period shall not include the cumulative effect of a change in accounting principles or policies during such period, whether effected through a cumulative effect adjustment or a retroactive application in each case in accordance with GAAP,

(c) any net after-tax income (loss) from disposed or discontinued operations and any net after-tax gains or losses on disposal of disposed or discontinued operations shall be excluded,

(d) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in the ordinary course of business, as determined in good faith by the Issuer, shall be excluded,

(e) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; *provided*, that Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period,

(f) solely for the purpose of determining the amount available for Restricted Payments under clause (iii)(A) of Section 4.07(a) hereof, the positive Net Income for such period of any Restricted Subsidiary (other than (i) any Guarantor and (ii) any Broker-Dealer Restricted Subsidiary if the Issuer delivers to the Trustee on the date of the event requiring calculation of Consolidated Net Income a certificate of the chief financial officer of the Company certifying that the restrictions on the payments of dividends or the making of distributions by such Broker-Dealer Restricted Subsidiary to the Issuer do not impair the Company's ability to make payments of interest and scheduled payments of principal in respect of the Securities, in each case as and when due) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination

wholly permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or in similar distributions has been legally waived; *provided*, that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein, and *provided further* that, any net loss of any Restricted Subsidiary (including any Guarantor and any Broker-Dealer Restricted Subsidiary), shall not be excluded,

(g) any net after-tax income (loss) from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded,

(h) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142-"Goodwill and Other Intangible Assets" or Financial Accounting Standards Board Statement No. 144-"Accounting for the Impairment or Disposal of Long-Lived Assets" and the amortization of intangibles arising pursuant to Financial Accounting Standards Board Statement No, 141-"Business Combinations" shall be excluded,

(i) any noncash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights to officers, directors or employees shall be excluded, and

(j) any increase in amortization or depreciation or other noncash charges resulting from the application of purchase accounting in relation to the Transactions or any acquisition that is consummated after the Issue Date, net of taxes, shall be excluded.

Notwithstanding the foregoing, for the purpose of Section 4.07 hereof only (other than clause (iii)(D) of Section 4.07(a) hereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and the Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under clause (iii)(D) of Section 4.07(a) hereof.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of (i) all Total Assets of the Issuer and its Restricted Subsidiaries less (ii) the stated balance sheet "goodwill" of the Issuer and its Restricted Subsidiaries and less (iii) the stated balance sheet "intangible assets" of the Issuer and its Restricted Subsidiaries, in each case determined on a consolidated basis in accordance with GAAP as of such date.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether

directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(b) to advance or supply funds

(1) for the purchase or payment of any such primary obligation or

(2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Corporate Trust Office of the Trustee*" will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Issuer.

"*Credit Agreement*" means the Credit Agreement, dated as of December 28, 2005, among the Issuer, Holdings, Goldman Sachs Credit Partners L.P., as Joint Lead Arranger, Joint Bookrunner and Syndication Agent, Morgan Stanley Senior Funding, Inc., as Joint Lead Arranger, Joint Bookrunner and Administrative Agent, Morgan Stanley & Co, as Collateral Agent, and Bear Stearns Corporate Lending Inc., as Documentation Agent, and the other financial institutions named therein as lenders, with respect to an aggregate of $1,000.0 million of senior secured facilities, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"*Credit Facilities*" means, with respect to the Issuer, one or more debt facilities, including, without limitation, the Credit Agreement, any letter of credit facility for Hedging Obligations or commercial paper facilities with banks or other institutional lenders or investors or indentures providing for revolving credit loans, term loans, receivables financing, including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against receivables, letters of credit or other long-term indebtedness, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Customer Financing Indebtedness*" means Margin Lines of Credit and Warehouse Lines of Credit.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Default Interest Rate*" means a rate equal to 2% per annum.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A1 hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"*Designated Noncash Consideration*" means the fair market value of noncash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, executed by a vice president and the principal financial officer of the Issuer, *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

"*Designated Preferred Stock*" means preferred stock of the Issuer or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by an executive vice president and the principal financial officer of the Issuer or the applicable parent corporation thereof, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (iii) of Section 4.07(a) hereof.

"*Designated Senior Debt*" means:

(a) any Indebtedness outstanding under the Credit Agreement; and

(b) any other Senior Debt permitted under this Indenture the principal amount of which is $25.0 million or more and that has been designated by the Issuer in the instrument evidencing that Senior Debt as "Designated Senior Debt."

"*Disposition Date*" means the first day on which the GSMP Group has disposed of at least 10% of the aggregate principal amount of the Notes held by the GSMP Group on the Issue Date to non-affiliated third parties (it being understood and agreed that redemption under Article 3 hereof shall not constitute the disposition by the GSMP Group).

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable

or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable, other than as a result of a change of control or asset sale, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, other than as a result of a change of control or asset sale, in whole or in part, in each ease prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided*, *however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

For purposes hereof, the amount (or principal amount) of any Disqualified Stock shall be equal to its voluntary or involuntary liquidation preference.

"*Domestic Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person other than (i) a Foreign Subsidiary or (ii) a Domestic Subsidiary of a Foreign Subsidiary, but in each case including any Subsidiary that guarantees or otherwise provides direct credit support for Indebtedness under the Credit Agreement or any other Indebtedness of the Issuer.

"*EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication,

(a) provision for taxes based on income or profits, *plus* franchise or similar taxes, of such Person for such period deducted in computing Consolidated Net Income, *plus*

(b) Consolidated Interest Expense of such Person for such period to the extent the same was deducted in calculating such Consolidated Net Income, *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, *plus*

(d) to the extent deducted in computing Consolidated Net Income, any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, disposition, recapitalization, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, *plus*

(e) restructuring charges, accruals or reserves (excluding any non-cash item to the extent that it represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period), including any one-time costs incurred in connection with acquisitions after the Issue Date, in each case to the extent deducted in computing Consolidated Net Income, *plus*

(f) the amount of cost savings in respect of cost reduction efforts, calculated on a pro forma basis as though such cost savings had been achieved on the first day of any such period, pursuant to specified actions taken in connection with the Transactions during such period minus the

amount of actual benefits realized for such period from such actions (*provided* that (1) such actions are commenced within 36 months of the Issue Date, (2) the amount of cost savings added pursuant to this clause (g) shall not exceed $10.0 million for any four quarter period during such period, (3) no amount shall be added pursuant to this clause (g) to the extent such amount is included in clause (e) above with respect to such period and (4) any such cost savings shall be certified to the Trustee in writing in reasonable detail by a responsible financial or accounting officer of the Issuer and, if they exceed $5.0 million, by the Board of Directors of the Issuer), *plus*

(g) without duplication, any writeoffs, writedowns or other non-cash charges reducing Consolidated Net Income for such period, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period, *plus*

(h) the amount of any minority interest expense deducted in calculating Consolidated Net Income (*less* the amount of any cash dividends paid to the holders of such minority interests), *plus*

(i) any non-cash gain or loss attributable to Hedging Obligations, *plus*

(j) to the extent deducted in computing Consolidated Net Income, any costs or expenses incurred by Holdings, the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of Holdings or the Issuer or net cash proceeds of an issuance of Capital Stock of Holdings or the Issuer; *plus*

(k) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsors (including any amortization thereof) to the extent permitted by Section 4.11(b)(3), *less*, without duplication,

(l) non-cash items increasing Consolidated Net Income of such Person for such period, excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"*Equity Offering*" means any public or private sale of common stock or preferred stock of the Issuer or any of its direct or indirect parent corporations (excluding Disqualified Stock), other than

(a) public offerings with respect to the Issuer's or any direct or indirect parent corporation's common stock registered on Form S-8; and

(b) any such public or private sale that constitutes an Excluded Contribution.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Excluded Contribution*" means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer from

(a) contributions to its common equity capital, and

(b) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer, in each case designated as Excluded Contributions pursuant to an officers' certificate executed by an executive vice president and the principal financial officer of the Issuer on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (iii) of Section 4.07(a) hereof.

"*Existing Indebtedness*" means Indebtedness of the Issuer or the Restricted Subsidiaries in existence on the Issue Date, *plus* interest accruing thereon.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Issuer (unless otherwise provided in this Indenture).

"*Fixed Charge Coverage Ratio*" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees or redeems any Indebtedness or issues or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption of Indebtedness, or such issuance or redemption of Disqualified Stock or preferred stock, as if the same had occurred at the beginning of the applicable four-quarter period (the "*reference period*").

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Issuer or any Restricted Subsidiary during the six-quarter period ending on the last day of the reference period or subsequent to such reference period and on or prior to or simultaneously with the Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed operations had occurred on the first day of the reference period; *provided* that the pro forma change in EBITDA projected by the Issuer in good faith as a result of reasonably identifiable and factually supportable cost savings and costs (excluding one-time transition, transaction and restructuring costs), as the case may be, expected to be realized during the consecutive four-quarter period commencing after such acquisition or transaction (the "*Savings Period*") shall be included in such calculation for any reference period that includes any of the Savings Period; *provided, further*, that any such pro forma change to such EMI DA shall be

without duplication for cost savings and costs (excluding one-time transition, transaction and restructuring costs) actually realized and already included in such EBITDA. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the issuer or any Restricted Subsidiary since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the reference period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

Any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period, and any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during

such four-quarter period.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of

(a) Consolidated Interest Expense of such Person for such period,

(b) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock (including any Designated Preferred Stock) or any Refunding Capital Stock of such Person, and

(c) all cash dividend payments (excluding items eliminated in consolidation) on any series of Disqualified Stock.

"*Foreign Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof.

"*GAAP*" means generally accepted accounting principles in the United States which are in effect on the Issue Date.

"*Global Note Legend*" means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A1 hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4) or 2.06(f) hereof.

"*Governmental Authority*" shall mean any nation or government, any state, province, territory or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"*Government Securities*" means securities that are

(a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"*GS&Co Purchase Agreement*" means the Purchase Agreement, dated as of December 27, 2005, among the Issuer, Holdings and the purchasers listed on Schedule 1 thereto, as amended or supplemented from time to time.

"*GSMP Group*" means, collectively, GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., GS Mezzanine Partners III Onshore Fund, L.P.; GS Mezzanine Partners III Offshore Fund, L.P., and any Subsidiaries of the foregoing, as a group.

"*guarantee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"*Guarantee*" means the guarantee by any Guarantor of the Issuer's Indenture Obligations.

"*Guarantor*" means each of:

(a) Holdings,

(b) Glenoak, LLC,

(c) Independent Advisers Group Corporation,

(d) Linsco/Private Ledger Insurance Associates, Inc. and

(e) any other Subsidiary of the Issuer that executes a Guarantee in accordance with the provisions of this Indenture.

"*Guarantor Senior Debt*" means, with respect to any Guarantor, the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim

under applicable law) on any Indebtedness of such Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular obligation, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such obligation shall not be senior in right of payment to the Guarantee of such Guarantor. Without limiting the generality of the foregoing, "Guarantor Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(a) all monetary obligations of every nature of such Guarantor under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof); and

(b) all Hedging Obligations (and guarantees thereof), in each case whether outstanding on the Issue Date or thereafter incurred.

Notwithstanding the foregoing, "Guarantor Senior Debt" shall not include:

(1) any Indebtedness of such Guarantor to a Subsidiary of such Guarantor;

(2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of such Guarantor or any Subsidiary of such Guarantor (including, without limitation, amounts owed for compensation), other than the guarantee of a direct or indirect parent of Indebtedness under the Credit Agreement;

(3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services (including guarantees thereof or instruments evidencing such liabilities);

(4) Indebtedness represented by Capital Stock;

(5) any liability for federal, state, local or other taxes owed or owing by such Guarantor;

(6) that portion of any Indebtedness incurred in violation of this Indenture (but, as to any such Indebtedness, no such violation shall be deemed to exist for purposes of this clause (6) if the holder(s) of such Indebtedness or their representative shall have received an officers' certificate of the Issuer to the effect that the incurrence of such Indebtedness does not (or, in the case of revolving credit Indebtedness, that the incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate this Indenture);

(7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Issuer;

(8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of such Guarantor and, until the Disposition Date (unless otherwise consented by the GSMP Group), any Secured Debt which is, by its express terms, subordinated as to rights to receive proceeds of collateral to any other Secured Debt of such Guarantor (including any second lien Indebtedness) secured in whole or in part by the same collateral; and

(9) any Indebtedness of the types described in clauses (5), (6), (11), (15), (16), (18) or (19) of the definition of Permitted Debt (and without regard to any limitations on the amount of such items of Indebtedness than may be incurred in order to qualify as Permitted Debt hereunder).

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under currency exchange, interest rate or commodity swap, cap or collar agreements, and other similar agreements or arrangements designed primarily to protect such Person against fluctuations in currency exchange, interest rates or commodity prices.

"*Holder*" means a holder of the Notes.

"*Holdings*" means BD Investment Holdings Inc., a corporation incorporated under the laws of Delaware.

"*HUD*" means the United States Department of Housing and Urban Development.

"*HUD-Regulated Subsidiary Capital Requirement*" means the difference of (a) all cash and cash equivalents on the balance sheet of the HUD-Regulated Subsidiary and (b) the Adjusted Net Worth (as referenced in 12 CFR Section 202.5(n)) of the HUD-Regulated Subsidiary above $500,000.

"*HUD-Regulated Subsidiary*" means the Subsidiary of the Issuer that is a HUD-approved non-supervised mortgagee.

"*HUD-Regulated Subsidiary Required Cash*" means the greater of (a) $100,000 and (b) the HUD-Regulated Subsidiary Capital Requirement.

"*IAI Global Note*" means a Global Note substantially in the form of Exhibit A1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"*Indebtedness*" means, with respect to any Person,

(a) any indebtedness (including principal and premium) of such Person, whether or not contingent

(1) in respect of borrowed money,

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit to the extent not collateralized with cash and Cash Equivalents or bankers' acceptances (or, without double counting, reimbursement agreements in respect thereof),

(3) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business, or

(4) representing any Hedging Obligations, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP,

(b) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business, and

(c) to the extent not otherwise included, Indebtedness of another Person secured by a Lien on any asset owned by such Person, whether or not such Indebtedness is assumed by such Person;

provided, however, that Contingent Obligations incurred in the ordinary course of business shall be deemed not to constitute Indebtedness and obligations under or in respect of Receivables Facilities shall not be deemed to constitute Indebtedness.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Purchasers*" means GS Mezzanine Partners II, L.P., GS Mezzanine Partners II Offshore, L.P., GS Mezzanine Partners III Onshore Fund, L.P.; GS Mezzanine Partners III Offshore Fund, L.P., and Goldman, Sachs & Co.

"*insolvency or liquidation proceeding*" means:

(a) any case commenced by or against the Issuer or any other Restricted Subsidiary under Title 11, U.S. Code or any similar federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Issuer or any other Restricted Subsidiary, any receivership or assignment for the benefit of creditors relating to the Issuer or any other Restricted Subsidiary or any similar case or proceeding relative to the Issuer or any other Restricted Subsidiary or its creditors, as such, in each case whether or not voluntary;

(b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any other Restricted Subsidiary, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(c) any other proceeding of any type or nature in which substantially all claims of creditors of the Issuer or any other Restricted Subsidiary are determined and any payment or distribution is or may be made on account of such claims.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(a) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents),

(b) highly liquid debt securities or debt instruments with a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such rating by such rating organization, or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any other nationally recognized securities rating agency, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries,

(c) highly liquid investments in any fund that invests exclusively in investments of the type described in clauses (a) and (b) which fund may also hold immaterial amounts of cash pending investment and/or distribution, and

(d) corresponding instruments in counties other than the United States customarily utilized for high quality investments.

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and Section 4.07 hereof,

(a) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "investment" in an Unrestricted Subsidiary in an amount (if positive) equal to

(1) the Issuer's "Investment" in such Subsidiary at the time of such redesignation *less*

(2) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer.

"*Issuer*" has the meaning set forth in the first preamble to this Indenture, *provided* that when used in the context of determining the fair market value of an asset or liability under this Indenture, "Issuer" shall be deemed to mean the Board of Directors of the Issuer when the fair market value is equal to or in excess of $25.0 million (unless otherwise expressly stated).

"*Issue Date*" means December 28, 2005.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions in the State of New York, the State of California or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"*Leverage Ratio*" means, as of any date of determination, the ratio of (a) Consolidated Indebtedness as of such date to (b) EBITDA for the applicable four-quarter period ending on the last day of the most recently ended quarter for which consolidated financial statements of the Issuer and its Restricted Subsidiaries are, or should have been, available in accordance with this Indenture, in each case with such pro forma adjustments to Consolidated Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of Fixed Charge Coverage Ratio.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"*Limited Restricted Subsidiary*" means a Broker-Dealer Restricted Subsidiary of the Issuer that is neither (a) a Guarantor nor (b) a Restricted Subsidiary at least 90% of the issued and outstanding Equity Interests, and in any event at least 90% of all Voting Stock, of which are owned by the Issuer or one or more of its Wholly-Owned Restricted Subsidiaries.

"*Margin Line of Credit*" means any lines of credit established consistent with past business practices and used by the Issuer and its Restricted Subsidiaries in the ordinary course of business and to fund or support Margin Loans of customers of the Issuer and its Restricted Subsidiaries and any replacement lines established on substantially similar terms and conditions.

"*Margin Loans*" has the meaning assigned to such term in Regulation T of the Board of Governors of Federal Reserve System of the United States or any successor definition thereof.

"*Mezzanine Purchase Agreement*" means the Purchase Agreement, dated as of the date hereof, among Holdings, the Issuer and the GSMP Group, as amended or supplemented from time to time.

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"*Net Proceeds*" means the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale, including, without limitation, any cash received upon the sale or other disposition of any Designated Noncash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Noncash Consideration, including, without limitation, legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of principal, premium, if any, and interest on Indebtedness required (other than in clause (1) of Section 4.10(b) hereof) to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Notes*" has the meaning assigned to it in the preamble to this Indenture.

"*Obligations*" means any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including, to the extent legally permitted, all interest accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in the applicable agreement), premium (if any), guarantees of payment, fees, indemnifications, reimbursements, expenses, damages and other liabilities payable under the documentation governing any Indebtedness; *provided* that Obligations with respect to the Notes shall not include fees or indemnifications in favor of the Trustee and other third parties other than the Holders of the Notes.

"*OCC*" means the Office of the Comptroller of the Currency or any successor agency thereof.

"*Offering Circular*" means the offering circular, dated December 27, 2005, with respect to the Notes and the Guarantees.

"*OCC-Regulated Subsidiary*" means the Subsidiary of the Issuer that is regulated by the OCC.

"*OCC-Regulated Subsidiary Required Cash*" means the difference of (a) all cash and cash equivalents on the balance sheet of the OCC-Regulated Subsidiary minus the difference of (b)(i) the Risk-Based Capital (as referenced in 12 U.S.C. Section 282) of the OCC-Regulated Subsidiary and (ii) $4,000,000 (or such other amount that is required by the OCC or otherwise agreed to by the OCC-Regulated Subsidiary and the OCC).

"*Officer*" means the Chairman of the Board, the Chief Executive Officer, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, Chief Legal Officer, the Secretary, any principal executive officer or any principal accounting officer of the Issuer.

"*Officer's Certificate*" means a certificate signed on behalf of the Issuer by an Officer of the Issuer that meets the requirements of Section 13.04 hereof.

"*Opinion of Counsel*" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.04 hereof. The counsel may be an employee of or counsel to the Issuer, any Subsidiary of the Issuer or the Trustee.

"*Pari Passu Indebtedness*" means any senior subordinated Indebtedness of the Issuer or any Guarantor that ranks *pari passu* in right of payment with the Notes or the relevant Guarantee issued by such Guarantor with respect to the Notes.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person that is not the Issuer or any of its Restricted Subsidiaries; *provided* that any cash or Cash Equivalents received must be applied in accordance with Section 4.10 hereof.

"*Permitted Holders*" means (i) each of the Sponsors and (ii) members of senior management of Holdings and its Subsidiaries and any Permitted Transferee of any such person.

"*Permitted Investments*" means:

(a) any Investment in the Issuer or any Unlimited Restricted Subsidiary;

(b) any Investment in a Limited Restricted Subsidiary so long as (x) such Investment is made in the ordinary course of business of the Issuer and its Restricted Subsidiaries consistent with past practices or (y) at the time and after giving effect to such Investment, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0;

(c) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(d) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person that is engaged in a Similar Business so long as:

(1) no Default or Event of Default shall have occurred or be continuing or will result therefrom,

(2) after giving effect to such Investment, either (1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first sentence under Section 4.09 hereof or (2) the Fixed Charge Coverage Ratio immediately after giving effect to such Investment equals or exceeds the Fixed Charge Coverage Ratio immediately prior to such Investment,

(3) if such Person is not or does not become or is not merged into a Broker-Dealer Subsidiary, such Investment is made solely from the proceeds of an Excluded Contribution; and

(4) as a result of such Investment:

(A) such Person becomes an Unlimited Restricted Subsidiary or, subject to compliance with conditions (x) or (y) set forth in the above clause (b) of this definition, a Limited Restricted Subsidiary, or

(B) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or an Unlimited Restricted Subsidiary or, subject to compliance with conditions (x) or (y) set forth in the foregoing clause (b), a Limited Restricted Subsidiary;

(e) any Investment in securities or other assets not constituting cash or Cash Equivalents and received in connection with an Asset Sale made pursuant to the provisions of Section 4.10 hereof or any other disposition of assets not constituting an Asset Sale;

(f) any Investment existing on the Issue Date or made pursuant to legally binding written commitments in existence on the Issue Date;

(g) loans and advances to officers, directors and employees of Holdings, the Issuer or any of its Subsidiaries (i) to finance the purchase of Capital Stock of Holdings, the Issuer or any direct or indirect parent company of Holdings or the Issuer (*provided*, that the amount of such loans and advances used to acquire such Capital Stock shall be contributed to Holdings or the Issuer, as applicable, in cash as common equity), (ii) for reasonable and customary business related travel expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business, and (iii) for additional purposes not contemplated by subclause (i) or (ii) above in an aggregate principal amount at any time outstanding with respect to this clause (iii) not exceeding $10,000,000;

(h) any Investment acquired by the Issuer or any Restricted Subsidiary;

(1) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivable or

(2) as a result of a foreclosure by the Issuer or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(i) Hedging Obligations permitted under clause (10) of Section 4.09(b) hereof;

(j) Investments the payment for which consists of Equity Interests of the Issuer, or any of its direct or indirect parent corporations (exclusive of Disqualified Stock); *provided*, *however*, that such Equity Interests will not increase the amount available for Restricted Payments under Section 4.07 hereof;

(k) guarantees of Indebtedness permitted under Section 4.09 hereof;

(l) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(m) any Investments in or repurchases of the Notes;

(n) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (n) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities), not to exceed the greater of (x) $100.0 million and (y) the product of $100.0 million multiplied by the CNTA Growth Factor at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(o) Investments of any OCC-regulated Subsidiary in the Capital Stock of the Federal Reserve Bank in the district in which such Subsidiary is located in accordance with the provisions of the Federal Reserve Act, as amended, and any successor legislation;

(p) Investments in “seed investment portfolios” for the purpose of testing and determining model portfolios in the ordinary course of business and consistent with past business practice; *provided*, that such Investments, as valued at the fair market value of such Investments at the time each such Investment is made, would not exceed (x) $15,000,000 plus (y) an amount equal to any repayments, interest, returns, profits, distributions, income and similar

amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made);

(q) to the extent constituting an Investment, Margin Loans, mortgage and warehouse loans or other similar advances or extensions of credit made by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business to its customers;

(r) securities owned (as set forth on the balance sheet of the Broker-Dealer Regulated Subsidiary) for a period of no longer than ten (10) Business Days following a securities trade from a customer account and constituting securities transactions entered into by the Broker-Dealer Regulated Subsidiary for the purpose of making adjustments to such Subsidiary's customer accounts with respect to such securities trade, with the amount of all such securities owned (as set forth on the balance sheet of the Broker-Dealer Regulated Subsidiary), not to exceed $15,000,000 in the aggregate at any time outstanding;

(s) Investments relating to a Receivables Subsidiary that in the good faith determination of the Issuer are necessary or advisable to effect transactions contemplated under the Receivables Facility; and

(t) Investments in respect of loans and advances to licensed financial advisors to facilitate the transfer of such advisors' businesses to the Issuer or its Subsidiaries or to platforms utilized by the Issuer and its Subsidiaries and for incidental and working capital purposes; *provided*, such Investments shall be in the ordinary course of business and shall not in the aggregate exceed (x) $7,500,000 at any time plus (y) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made).

"*Permitted Junior Securities*" means:

(a) Equity Interests in the Issuer, any Guarantor or any direct or indirect parent of the Issuer; or

(b) unsecured debt securities that are subordinated to all Senior Debt (and any debt securities issued in exchange for Senior Debt) to substantially the same extent as, or to a greater extent than, the Notes and Guarantees are subordinated to Senior Debt under this Indenture.

"*Permitted Liens*" means, with respect to any Person:

(a) Liens on assets of the Issuer or any of its Restricted Subsidiaries securing Indebtedness and other Obligations that constitute Senior Debt or Guarantor Senior Debt;

(b) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or deposits to secure bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(c) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review;

(d) Liens for taxes, assessments or other governmental charges or claims not yet due or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings;

(e) Liens in favor of issuer of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(f) Liens securing Indebtedness existing on the Issue Date and on any date on which a Suspension Period ceases;

(g) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided*, *however*, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a subsidiary; *provided*, *further*, however, that such Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(h) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any Restricted Subsidiary; *provided*, *however*, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; *provided*, *further*, however, that the Liens may not extend to any other property owned by the Issuer or any Restricted Subsidiary;

(i) Liens securing interest rate or currency Hedging Obligations;

(j) Liens on specific items of inventory or other goods and proceeds thereof of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(k) any Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part,

of any such Indebtedness secured by any Lien of the type referred to in clauses (f), (g), (h), (i), (j), (m), (o) and (p); *provided however*, that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount of the Indebtedness permitted pursuant to such clause (f), (g), (h), (i), (j), (m), (o) and (p) and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(l) other Liens securing obligations not otherwise permitted by this definition not exceeding $10.0 million at any one time outstanding;

(m) for so long as the Suspension Period shall be in effect and the Secured Leverage Ratio as of the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available immediately preceding the date on which a Lien is incurred pursuant to this clause (m) does not exceed 3.00:1.00 (determined on a pro forma basis after giving effect to the incurrence of such Lien and the application of proceeds from the incurrence of related Indebtedness), Liens securing any Indebtedness of the Issuer or any of its Restricted Subsidiaries permitted to be incurred and secured hereunder.

(n) Liens securing Customer Financing Indebtedness;

(o) Liens in favor of the Issuer or any Guarantor;

(p) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business; and

(q) Liens securing Indebtedness or other obligations of Restricted Subsidiaries owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with Section 4.09 hereof.

"*Permitted Transferee*" means, with respect to any Person:

(a) the spouse, former spouse, lineal descendants, heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any such Person;

(b) a trust, the beneficiaries of which, or a corporation or partnership or limited liability company, the stockholders, general or limited partners or members of which, include only such Person or his or her spouse, former spouse, lineal descendants or heirs, in each case to whom such Person has transferred, or through which such Person holds, the Beneficial Ownership of any securities of the Issuer; and

(c) any investment fund or investment entity that is a subsidiary of such Person or a Permitted Transferee of such Person or managed by the same Person as such Person.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or agency or political subdivision thereof or any other entity.

"*preferred stock*" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

For purposes hereof, the amount (or principal amount) of any preferred stock shall be equal to its voluntary or involuntary liquidation preference.

"*Private Placement Legend*" means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Qualified Proceeds*" means assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; *provided* that the fair market value of any such assets or Capital Stock shall be determined by the Issuer in good faith or by an Independent Financial Advisor if the Fair Market Value exceeds $50.0 million.

"*Rating Agencies*" mean Moody's and S&P or, if Moody's or S&P or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

"*Receivables Facility*" means one or more receivables financing facilities as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, the Obligations of which are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) pursuant to which the Issuer or any of its Restricted Subsidiaries sells its accounts receivable to either (a) a Person that is not a Restricted Subsidiary or (b) a Receivables Subsidiary.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Facility.

"*Receivables Subsidiary*" means any Subsidiary formed for the purpose of, and that solely engages only in one or more Receivables Facilities and other activities reasonably related thereto.

"*reference period*" has the meaning assigned to it in the definition of "*Fixed Charge Coverage Ratio*".

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as appropriate.

"*Regulation S Permanent Global Note*" means a permanent Global Note in the form of Exhibit A1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"*Regulation S Temporary Global Note*" means a temporary Global Note in the form of Exhibit A2 hereto deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"*Related Business Assets*" means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"*Representative*" means the trustee, agent or representative (if any) for an issue of Indebtedness; *provided* that if, and for so long as, any Indebtedness lacks such a representative, then the Representative for such Indebtedness shall at all times constitute the holders of a majority in outstanding principal amount of such Indebtedness.

"*Required Cash*" means the sum of Broker-Dealer Required Cash, OCC-Regulated Subsidiary Required Cash and HUD-Regulated Subsidiary Required Cash; *provided*, that to the extent, after the Closing Date, the Issuer or any of its Subsidiaries shall acquire or create any new "regulated" Domestic Subsidiary that shall not be required to guarantee the Obligations pursuant to the Guaranty, then the definition of "Required Cash" shall also include the required cash of any such Person, which required cash shall be calculated in a substantially equivalent manner as Broker-Dealer Required Cash, OCC-Regulated Subsidiary Required Cash and HUD-Regulated Subsidiary Required Cash have been calculated.

"*Responsible Officer,*" when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Restricted Subsidiary*" means, at any time, any direct or indirect Subsidiary of the Issuer that is not then an Unrestricted Subsidiary; *provided*, *however*, that upon the occurrence of an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*S&P*" means Standard and Poor's Ratings Group.

"*Savings Period*" has the meaning assigned to it in the definition of "Fixed Charge Coverage Ratio".

"*SEC*" means the Securities and Exchange Commission.

"*Secured Debt*" means Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by a Lien permitted hereunder.

"*Secured Leverage Ratio*" means, on any date, the ratio of:

(a) the aggregate principal amount of Consolidated Indebtedness (exclusive of items of Indebtedness not constituting Secured Debt) on such date, to:

(b) the aggregate amount of the Issuer's EBITDA for the most recent four-quarter period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries are, or should have been, available in accordance with this Indenture; in each case with such pro forma adjustments to Consolidated Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio."

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Segregated Cash*" means all cash and qualified cash equivalents segregated on the balance sheet of the Broker-Dealer Regulated Subsidiary under Rule 15(c)3-3 of the Exchange Act.

"*Senior Debt*" means the principal of, premium, if any, and interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on any Indebtedness of the Issuer, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular obligation, the

instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such obligation shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(a) all monetary obligations of every nature of the Issuer under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof); and

(b) all Hedging Obligations (and guarantees thereof),

in each case whether outstanding on the Issue Date or thereafter incurred.

Notwithstanding the foregoing, "Senior Debt" shall not include:

(1) any Indebtedness of the Issuer to a Subsidiary of the Issuer;

(2) Indebtedness to, or guaranteed on behalf of, any shareholder, director, officer or employee of the Issuer or any Subsidiary of the Issuer (including, without limitation, amounts owed for compensation), other than any guarantee of a direct or indirect parent of Indebtedness under the Credit Agreement;

(3) Indebtedness to trade creditors and other amounts incurred in connection with obtaining goods, materials or services (including guarantees thereof or instruments evidencing such liabilities);

(4) Indebtedness represented by Capital Stock;

(5) any liability for federal, state, local or other taxes owed or owing by the Issuer;

(6) that portion of any Indebtedness incurred in violation of this Indenture (but, as to any such Indebtedness, no such violation shall be deemed to exist for purposes of this clause (6) if the holder(s) of such Indebtedness or their representative shall have received an officers' certificate of the Issuer to the effect that the incurrence of such Indebtedness does not (or, in the case of revolving credit Indebtedness, that the incurrence of the entire committed amount thereof at the date on which the initial borrowing thereunder is made would not) violate this Indenture);

(7) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Issuer; and

(8) any Indebtedness which is, by its express terms, subordinated in right of payment to any other Indebtedness of the Issuer and, until the Disposition Date (unless

otherwise consented by the GSMP Group), any Secured Debt which is, by its express terms, subordinated as to rights to receive proceeds of collateral to any other Secured Debt of the Issuer (including any second lien Indebtedness) secured in whole or in part by the same collateral; and

(9) any Indebtedness of the types described in clauses (5), (6), (11), (15), (16), (18) or (19) of the definition of Permitted Debt (and without regard to any limitations on the amount of such items of Indebtedness than may be incurred in order to qualify as Permitted Debt hereunder).

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"*Similar Business*" means any business conducted by the Company and its Restricted Subsidiaries on the Issue Date (including financial planning services businesses) which in any event shall include any business that is similar, reasonably related, incidental or ancillary thereto or any reasonable extension thereof.

"*Sponsors*" means Hellman & Friedman LLC and Texas Pacific Group and their respective Affiliates.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of this Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means

(a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes, and

(b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms subordinated in right of payment to the guarantee of such Guarantor.

"*Subsidiary*" means, with respect to any Person,

(a) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof and

(b) any partnership, joint venture, limited liability company or similar entity of which

(1) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(2) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*TIA*" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb).

"*Total Assets*" means the total amount of all assets of the Issuer and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP as shown on the most recent balance sheet of the Issuer.

"*Transaction Expenses*" means any fees or expenses incurred or paid by Holdings, the Issuer or any of its Subsidiaries in connection with the Transactions.

"*Transactions*" means the Acquisition, and the financing and related matters thereof as disclosed in the Offering Circular.

"*Transaction Agreement*" means the Agreement and Plan of Merger, dated October 27, 2005, among the Issuer, Holdings and BD Acquisition, Inc. ("Acquisition Sub"), together with all exhibits, schedules, documents, agreements, and instruments executed and delivered in connection therewith, as the same may be amended, or modified in accordance with the terms and provisions thereof.

"*Treasury Rate*" means, as of any Redemption Date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to the fifth anniversary of the Issue Date; *provided, however*, that if the period from the Redemption Date to the fifth anniversary of the Issue Date, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trustee*" means Wells Fargo Bank, N.A., as trustee, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*Unlimited Restricted Subsidiary*" means a Restricted Subsidiary of the Issuer that is not a Limited Restricted Subsidiary.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means

(a) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below) and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted. Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than any Subsidiary of the Subsidiary to be so designated), *provided* that any Unrestricted Subsidiary must be an entity of which shares of the capital stock or other equity interests (including partnership interests) entitled to cast at least a majority of the votes that may be cast by all shares or equity interests having ordinary voting power for the election of directors or other governing body are owned, directly or indirectly, by the Issuer, such designation complies with Section 4.07 hereof and each of the Subsidiary to be so designated and its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation no Default or Event of Default shall have occurred and be continuing and the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first sentence under Section 4.09 hereof on a pro forma basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*U.S. Person*" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Warehouse Line of Credit*" means any warehouse lines of credit established consistent with past business practices and used by the Issuer and its Restricted Subsidiaries in the ordinary course of business to fund or support their mortgage lending business and any replacement lines established on substantially similar terms and conditions.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or preferred stock, as the case may be, at any date, the quotient obtained by dividing

(a) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or preferred stock multiplied by the amount of such payment, by

(b) the sum of all such payments.

"*Wholly-Owned Restricted Subsidiary*" of any Person means a Restricted Subsidiary of such Person that is a Wholly-Owned Subsidiary of such Person.

"*Wholly-Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

Section 1.02 *Other Definitions.*

Term	Defined in Section
"Acceptable Commitment"	4.10
"Affiliate Transaction"	4.11
"Asset Sale Offer"	3.09
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"Covenant Suspension Event"	4.21
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"incur"	4.09
"Legal, Defeasance"	8.02
"Non-Consenting Holder"	3.10
"Non-payment Default"	10.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03

"Permitted Debt"	4.09
"Payment Blockage Notice"	10.02
"Payment Blockage Period"	10.02
"Payment Default"	10.02
"Purchase Date"	3.09
"Redemption Date"	3.07
"Refinancing Indebtedness"	4.09
"Registrar"	2.03

"Restricted Payments"	4.07
"Reversion Date"	4.21
"Successor Company"	5.01
"Successor Person"	5.01
"Suspended Covenants"	4.21
"Suspension Date"	4.21
"Suspension Period"	4.21

Section 1.03 *Incorporation by Reference of Trust Indenture Act.*

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"*indenture securities*" means the Notes;

"*indenture security Holder*" means a Holder of a Note;

"*indenture to be qualified*" means this Indenture;

"*indenture trustee*" or "*institutional trustee*" means the Trustee; and

"*obligor*" on the Notes and the Guarantees means the Issuer and the Guarantors, respectively, and any successor obligor upon the Notes and the Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) "will" shall be interpreted to express a command;

(f) provisions apply to successive events and transactions; and

(g) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibits Al and A2 hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form will be substantially in the form of Exhibits Al or A2 hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit Al hereto (but without the Global Note Legend thereon and without the "*Schedule of Exchanges of Interests in the Global Note*" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Temporary Global Notes*. Notes offered and sold in reliance on Regulation S will be issued initially in the form of the Regulation S Temporary Global Note, which will be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The Restricted Period will be terminated upon the receipt by the Trustee of an Officer's Certificate from the Issuer.

Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note will be exchanged for beneficial interests in the Regulation S Permanent Global Note pursuant to the Applicable Procedures, Simultaneously with the authentication of the Regulation S Permanent Global Note, the Trustee will cancel the Regulation S Temporary

Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

Section 2.02 *Execution and Authentication.*

At least one Officer must sign the Notes on behalf of the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Issuer signed by one Officer of the Issuer (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture. The aggregate principal amount of Notes outstanding at any time may not exceed $550.0 million, except as provided in Section 2.07 hereof. It is understood that, notwithstanding any other Section herein, no Opinion of Counsel is required in order for the Trustee to authenticate the Notes issued on the date hereof.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer.

Section 2.03 *Registrar and Paying Agent.*

The Issuer will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar.

The Issuer initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes,

The Issuer initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust.*

The Issuer will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary) will have no further liability for the money. If the Issuer or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuer, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA § 312(a). If the Trustee is not the Registrar, the Issuer will furnish to the Trustee at least two Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Issuer shall otherwise comply with TIA § 312(a).

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Issuer for Definitive Notes if:

(1) the Issuer delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuer within 120 days after the date of such notice from the Depositary;

(2) the Issuer in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; *provided* that in no event shall the Regulation S Temporary Global Note be exchanged by the Issuer for Definitive Notes prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Sections 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act, Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided*, *however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2,06(b)(1),

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above;

provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (I) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate to the Registrar in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, ,a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (l)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (4), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (4) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (4) above. Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes*. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate

to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Person designated in the. instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial, interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered, Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(l) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein,

(2) *Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes*. Notwithstanding Sections 2.06(c)(1)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes*. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1) (b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (3), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes*. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Issuer will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests*.

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes*. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted

Definitive Notes. to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit. B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item. (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note

to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (l)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes. If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (2)(B) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes*. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or

exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional

certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes*. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item. (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes*. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (I)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A. Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a

request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends*. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (l) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.”

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the

Private Placement Legend.

(2) *Global Note Legend*. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION

PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR. ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY, UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) *Regulation S Temporary Global Note Legend*. The Regulation S Temporary Global Note will bear a Legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(g) *Cancellation and/or Adjustment of Global Notes*. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and. an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase,

(h) *General Provisions Relating to Transfers and Exchanges*.

(1) To permit registrations of transfers and exchanges, the Issuer will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

Section 2.07 *Replacement Notes.*

If any mutilated Note is surrendered to the Trustee, the Registrar or the Issuer and the Trustee receives evidence to its satisfaction of the ownership and destruction, loss or theft of any Note, the Issuer will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Issuer, an indemnity bond (or in the case of any Holder that is an Institutional Accredited Investor, an agreement of indemnity) must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer may charge for its expenses in replacing a Note.

Every replacement Note is a contractual obligation of the Issuer and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Issuer or any of its Subsidiaries or an Affiliate of any thereof) holds, on a Redemption Date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes*.

Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer will prepare and the Trustee win authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indentures

Section 2.11 *Cancellation*.

The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent (other than the Issuer or any Subsidiary) and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Issuer. The Issuer may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest*.

If the Issuer defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuer will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuer will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid. The Issuer may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements (if applicable) of any securities exchange on which the Notes may be listed and, upon such notice as may be required by such

exchange, if, after written notice given by the Issuer to the Trustee of the proposed payment pursuant to this sentence, such manner of payment shall be deemed practicable by the Trustee.

Section 2.13 *Computation of Interest.*

Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months and actual days elapsed.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 30 days before a Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), an Officer's Certificate setting forth:

(a) the clause of this Indenture pursuant to which the redemption shall occur;

(b) the Redemption Date;

(c) the principal amount of Notes to be redeemed; and

(d) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased.*

If less than all of the Notes are to be redeemed at any time, selection of such Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which such Notes are listed, or if such Notes are not so listed, on a pro rata basis; *provided* that no Notes of $2,000 or less shall be purchased or redeemed in part and *provided further* that the Trustee shall make adjustments so that only Notes in multiples of $1,000 principal amount will be purchased or redeemed.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Issuer in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $2,000 or whole multiples of $1,000 in excess thereof; except that if, but only if, all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 *Notice of Redemption.*

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a Redemption Date, the Issuer will electronically transmit or mail or cause to be electronically transmitted or mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 12 hereof.

The notice will identify the Notes to be redeemed and will state:

(a) the Redemption Date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuer's request, the Trustee will give the notice of redemption in the Issuer's names and at their expense; provided, however, that the Issuer has delivered to the Trustee, at least 35 days prior to the Redemption Date (unless a shorter notice shall be agreed to by the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is electronically delivered or mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the Redemption Date at the redemption price (except as provided in Section 3.07(a)). The notice, if mailed in a manner herein provided in Section 3.03, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or

any defect in the notice to the Holder of any Note designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Note. A notice of redemption may not be conditional (except as provided in Section 3.07(a)).

Section 3.05 *Deposit of Redemption or Purchase Price.*

On or before 10:00 a.m. New York time on the redemption or purchase date, the Issuer will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest, if any, on, all Notes to be redeemed or purchased.

If the Issuer complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest to the redemption or purchase date shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Trustee will authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered. in the name of the Holder thereon upon cancellation of the original Note. It is understood that, notwithstanding any other Section herein, only an Authentication Order and not an Opinion of Counsel or Officer's Certificate is required for the Trustee to authenticate such new Note.

Section 3.07 *Optional Redemption.*

(a) At any time prior to December 15, 2008, the Issuer may, at their option, redeem up to 40% of the original aggregate principal amount of Notes issued under this Indenture at a redemption price equal to 110.750% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net proceeds of the common stock public Equity Offerings of the Issuer or any direct or indirect parent of the latter to the extent such net proceeds are contributed to the Issuer; provided that:

(1) at least 60% of the sum of the original aggregate principal amount of Notes issued under this Indenture after the Issue Date remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of closing of such public Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at their discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

(b) At any time prior to December 15, 2009, the Issuer may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail or electronically transmitted to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption (the "Redemption Date"), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(c) Except pursuant to the preceding paragraphs, the Notes will not be redeemable at the Issuer's option prior to December 15, 2009.

(d) From and after December 15, 2009, the Issuer may redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice by first class mail, postage prepaid, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on December 15 of each of the years indicated below:

Year	Percentage
2009	105.375%
2010	103.583%
2011	101.792%
2012 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof. In addition, until the Disposition Date (unless otherwise consented by the GSMP Group), each redemption pursuant to this Section 3.07 shall relate to an aggregate principal amount of Notes of at least the lesser of (a) $5.0 million and (b) the remaining outstanding principal amount of the Notes.

Section 3.08 *Mandatory Redemption.*

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Issuer is required to commence an offer to all Holders to purchase Notes (an "*Asset Sale Offer*"), they will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 40 Business Days, except to the extent that a longer period is required by applicable law (the "*Offer Period*"), No later than seven Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Issuer will apply all Excess Proceeds (the "*Offer Amount*") to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis, with adjustments so that only Notes in multiples of $1,000 principal amount will be purchased) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest up to but excluding the Purchase Date, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuer will send, by first class mail, a notice to the Trustee and each of the Holders. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and. Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment will continue to accrue interest;

(d) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of $1,000 only;

(f) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Issuer, a Depositary, if appointed by the Issuer, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(g) that Holders will be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by holders thereof exceeds the Offer Amount applicable to Notes, the Trustee will select the Notes to be purchased on a pro rata basis based on the principal amount of Notes surrendered (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of $2,000, or integral multiples of $1,000 in excess thereof, will be purchased); and

(i) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of all Notes or portions thereof so tendered. The Issuer, the Depositary or the Paying Agent, as the case may be, will promptly mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and

accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee, upon an Authentication Order, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder (it being understood that, notwithstanding any Sections in the Indenture to the contrary, no other Officer's Certificate or any Opinion of Counsel is required), in a principal amount equal to any unpurchased portion of the Note surrendered, *provided* that each such new Note shall he . in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. Any Note not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09 or Section 4.10 or 4.15 hereof, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

Section 3.10 *Replacement Right Upon Failure to Consent.*

If any Holder (a "*Non-Consenting Holder*") fails to consent to an amendment, supplement or waiver, which pursuant to Section 9.02 hereof requires consent of all Holders affected by such amendment, supplement or waiver and with respect to which the Holders of at least a 85% in aggregate principal amount of the then outstanding Notes (determined in accordance with Section 2.08 hereof) shall have granted their consent, the Issuer shall have the right (so long as no Default or Event of Default shall have occurred or be continuing or will result therefrom) to replace such Non-Consenting Holder by causing such Non-Consenting Holder to transfer the Notes held by it to one or more Persons in compliance with Section 2.06 hereof or purchase such Non-Consenting Holder's Notes; *provided* that upon such transfer, the Non-Consenting Holder

shall receive, in full payment for the Notes so transferred or sold by it, an amount in cash equal to 101% of the aggregate principal amount of Notes so transferred or sold by it plus accrued and unpaid interest to the date of such transfer.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Notes.*

The Issuer will pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest will be considered paid on the date due if the Paying Agent, if other than the Issuer or any of its Subsidiaries, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Issuer will pay interest on overdue principal (including post-petition interest in any proceeding under any Bankruptcy Law) and on overdue installments of interest to the extent lawful, as provided in Section 6.03 hereof.

Section 4.02 *Maintenance of Office or Agency.*

The Issuer will maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 13.02 hereof:

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03 hereof.

Section 4.03 *Reports.*

Whether or not required by the SEC, so long as any Notes are outstanding, the Issuer will furnish to the Holders of Notes within the time periods specified in the SEC's rules and regulations for non-accelerated filers (with 30 additional days for the fiscal year of the Issuer ending December 31, 2005 and 15 additional days for each fiscal quarter of the Issuer ending on or prior to September 30, 2006):

(a) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Issuer were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements thereon by the Issuer's certified independent accountants;

(b) all material information that would be included in all current reports that would be required to be filed with the SEC on Form 8-K if the Issuer were required to file such reports, which reports shall be furnished no later than five Business Days after such reports would have been required to be filed with the SEC; and

(c) If at any time any direct or indirect parent of the Issuer holds no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer (and performs only the related incidental activities associated with such ownership), the reports, information and other documents required to be filed and furnished to the holders of the Notes pursuant to this Section 4.03 may, at the option of the Issuer, be filed by and be documents of such parent containing the type of information contemplated in Section 4.03 (a) and (b) above of the Issuer.

Section 4.04 *Compliance Certificate.*

(a) The Issuer and each Guarantor (to the extent that such Guarantor is so required under the TIA) shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ended December 31, 2006, an Officer's Certificate stating that a review of the activities of the Issuer and Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Issuer has kept, observed, performed and fulfilled their obligations under this Indenture, and further stating, as to the Officer signing such certificate, that to the best of his or her knowledge the Issuer has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer is taking or propose to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Issuer will deliver to the Trustee as soon as possible after any Officer has actual knowledge of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Section 4.05 *Taxes.*

The Issuer will, and will cause each of its Restricted Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent all material taxes, assessments and governmental charges levied or imposed upon it or any of its respective Restricted Subsidiaries or upon the income, profits or property of it or any of its respective Restricted Subsidiaries except any such tax, assessment or charge as is being contested in good faith by appropriate actions or where the failure to pay or discharge or cause to be paid or discharged any such tax, assessment or charge is not materially adverse to the Holders.

Section 4.06 *Stay, Extension and Usury Laws.*

The Issuer and each of the Guarantors covenant (to the extent that they may lawfully do so) that they will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of; any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and each of the Guarantors (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that they will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on account of the Issuer's or any Restricted Subsidiary's Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation other than (A) dividends or distributions by the Issuer payable in Equity Interests (other than Disqualified Stock) of the Issuer or in options, warrants or other rights to purchase such Equity Interests (other than Disqualified Stock) or (B) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(2) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer, including in connection with any merger or consolidation;

(3) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than (x) Indebtedness permitted under clauses (7) and (8) of Section 4.09(b) hereof or (y) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of such Restricted Payment:

(i) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(ii) immediately after giving effect to such transaction on a pro forma basis, the Issuer could incur $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by Section 4.07(b)(í), (2) (with respect to the payment of dividends on Refunding Capital Stock pursuant to clause (b) thereof only), (4) (without giving effect to the increases set forth in subclauses (A) and (B) thereof), (5), (6)(C) and (8) but excluding all other Restricted Payments permitted by Section 4.07(b) hereof), is less than the sum of:

(A) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; plus

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities or other property received by the Issuer since immediately after the Issue Date from the issue or sale of:

(i) Equity Interests of the Issuer, including Retired Capital Stock (as defined below), but excluding cash proceeds and the Fair Market Value of marketable securities or other property received from the sale of:

a. Equity Interests to members of management, directors or consultants of the Issuer, any direct or indirect parent corporation of the Issuer and the Issuer's Subsidiaries after the Issue Date to the extent such amounts (1) have been applied to Restricted Payments made in accordance with clause (4) of Section 4.07(b) hereof or (2) have been loaned or advanced to such Persons pursuant to clause (g)(i) of the definition of "*Permitted Investments*" (except to the extent such loans or advances have been prepaid); and

b. Designated Preferred Stock;

and to the extent actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent

corporations (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such corporations); and

(ii) debt securities of the Issuer that have been converted into such Equity Interests of the Issuer;

provided, *however*, that this clause (B) will not include the proceeds from (a) Refunding Capital Stock (as defined below), (b) Equity Interests or converted debt securities of the Issuer sold to a Restricted Subsidiary or the Issuer, as the case may be, (c) Disqualified Stock or debt securities that have been converted into Disqualified Stock or (d) Excluded Contributions; *plus*

(C) 100% of the aggregate amount of cash and the Fair Market Value of marketable securities or other property (as determined by an Independent Financial Advisor if the Fair Market Value of property other than marketable securities exceeds $50.0 million) contributed to the capital of the Issuer following the Issue Date (other than by a Restricted Subsidiary and other than any such contributions that constitute Excluded Contributions); *plus*

(D) 100% of the aggregate amount received in cash and the Fair Market Value (as determined by an Independent Financial Advisor if the Fair Market Value exceeds $50.0 million) of marketable securities or other property received by means of

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer and its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer and its Restricted Subsidiaries and repayments of loans or advances which constitute Restricted Investments by the Issuer and its Restricted Subsidiaries; or

(ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (9) of Section 4.07(b) hereof or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary; *plus*

(E) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the Fair Market Value of the Investment in such Unrestricted Subsidiary, as determined in good faith by the Issuer at the

time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary (and if such Fair Market Value may exceed (a) $25.0 million, then the Issuer will provide an Officer's Certificate with respect to the Fair Market Value of the Investment and (b) $50.0 million, an opinion of an Independent Financial Advisor with respect to the Fair Market Value of the Investment), other than an Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (9) of Section 4.07(b) or to the extent such Investment constituted a Permitted Investment.

(b) The foregoing provisions of Section 4,07(a) will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of declaration of the dividend, if at the date of declaration such payment would have complied with the provisions of this Indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests ("Retired Capital Stock') or Subordinated Indebtedness of the Issuer, or any Equity Interests of any direct or indirect parent corporation of the Issuer, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer (in each case, other than any Disqualified Stock) ("Refunding Capital Stock') and (b) if immediately prior to the retirement of Retired Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this Section 4.09(b), the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that was declarable and payable on such Retired Capital Stock immediately prior to such retirement;

(3) the defeasance, redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer which is incurred in compliance with Section 4.09 hereof so long as:

(A) the principal amount of such new Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any reasonable premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired and any reasonable fees and expenses incurred in the issuance of such new Indebtedness;

(B) such Indebtedness is subordinated to the Notes at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, acquired or retired for value;

(C) such Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired; and

(D) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of common Equity Interests of the Issuer or any of its direct or indirect parent companies held by any future, present or former employee, independent director, manager or consultant of the Issuer, any of its Subsidiaries or any of its direct or indirect parent corporations pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or the repurchase for value of any common equity interest of the Issuer in the open market to satisfy stock options issued by the Issuer that are outstanding; *provided*, *however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year $15.0 million (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of $30.0 million in any calendar year); *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed:

(A) the cash proceeds from the sale of Equity Interests of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of the Issuer's direct or indirect parent corporations, in each case to members of management, independent directors, managers or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent corporations that occurs after the Issue Date, to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of Section 4.07(a) hereof, *plus*

(B) the cash proceeds of key man life insurance policies received by the Issuer and its Restricted Subsidiaries after the Issue Date; *less*

(C) the amount of any Restricted Payments previously made pursuant to clauses (A) and (B) of this clause (4);

and *provided*, *further*, that cancellation of Indebtedness owing to the Issuer from members of management of the Issuer, any of its direct or indirect parent corporations or any Restricted Subsidiary in connection with a repurchase of

Equity Interests of the Issuer or any of its direct or indirect parent corporations will not be deemed to constitute a Restricted Payment for purposes of this Section 4.07 or any other provision of this Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any other Restricted Subsidiary issued in accordance with Section 4.09 hereof to the extent such dividends are included in the definition of Fixed Charges;

(6) (A) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer after the Issue Date; (B) the declaration and payment of dividends to a direct or indirect parent corporation of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent corporation issued after the Issue Date, *provided* that the amount of dividends paid pursuant to this clause (B) shall, not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or (C) the declaration and payment of dividends on Refunding Capital Stock in excess of the dividends declarable and payable thereon pursuant to clause (2); *provided*, *however*, in the case of each of (A), (B) and (C) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock, after giving effect to such issuance or declaration on a pro forma basis, the Issuer and the Restricted Subsidiaries would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(8) the payment of dividends on the Issuer's common stock or equivalent (or the payment of dividends to any direct or indirect parent of the Issuer of dividends in that entity's common stock or equivalent), following the first public offering of the Issuer's common stock or equivalent or the common stock or equivalent of any of its direct or indirect parent companies after the Issue Date, of up to 6% per annum of the net proceeds received by or contributed to the Issuer in any public offering of common stock, other than public offerings with respect to the Issuer's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(9) Investments that are made with the proceeds of Excluded Contributions;

(10) the declaration and payment of dividends by the Issuer to, or the making of loans to, its direct parent in amounts required for either of their respective direct or

indirect parent corporations to pay the following (in the case of each of clauses (A) through (D), to the extent incurred in the ordinary course of business):

(A) franchise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(B) federal, state and local income taxes, to the extent such income taxes (I) are attributable to the income of the Issuer and the Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries and (2) are actually paid by such parent corporations to the relevant Governmental Authority on behalf of the Issuer and its Restricted Subsidiaries; provided, however, that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer and its Restricted Subsidiaries would be required to pay in respect of federal, state and local taxes for such fiscal year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent set forth above) to pay such taxes separately from any such parent company;

(C) general corporate expenses related to third party audit, legal and similar administrative expenses of any direct or indirect parent corporation of the Issuer to the extent such expenses are attributable to the ownership or operation of the Issuer and the Restricted Subsidiaries; (1) the proceeds of which shall be used by the Issuer to pay (or to make Restricted Payments to allow any direct or indirect parent thereof to pay) fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering permitted by this Agreement;

(D) payment of management, consulting, monitoring and advisory fees and related expenses to the Sponsors to the extent permitted by Section 4.11 hereof;

(E) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its

Restricted Subsidiaries; and

(F) fees and expenses (other than to Affiliates of the Issuer) related to any unsuccessful equity or debt offering permitted by this Agreement;

(11) cash dividends or other distributions on the Issuer's or any Restricted Subsidiary's Capital Stock used to fund the Transactions and the fees and expenses related thereto, in each case to the extent permitted by Section 4.11 hereof;

(12) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to the provisions similar to those described under Section 4.15 hereof and Section 4.10 hereof; *provided* that all senior

subordinated notes tendered by holders of senior subordinated notes in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(13) Investments in Limited Restricted Subsidiaries and Unrestricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash and/or marketable securities, not to exceed $25.0 million;

(14) distributions or payments of Receivables Fees; and

(15) other Restricted Payments in an aggregate amount not to exceed $35.0 million;

provided however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (6) and (15), no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

As of the time of issuance of the Notes, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to Section 4.07(a) hereof or under clause (9), (13) or (14), or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in this Indenture.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) The Issuer will not, and will not permit any Restricted Subsidiary (other than (i) any Guarantor and (ii) any Broker-Dealer Restricted Subsidiary if the Issuer delivers to the Trustee on the date of the event requiring calculation of Consolidated Net Income a certificate of the chief financial officer of the Issuer certifying that the restrictions on the payments of dividends or the making of distributions by such Broker-Dealer Restricted Subsidiary to the Issuer do not impair the Issuer's ability to make payments of interest and scheduled payments of principal in respect of the Securities, in each case as and when due) to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such. Restricted Subsidiary to:

(1) (A) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiary on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (B) pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(2) make loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted. Subsidiary.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect on the Issue Date including, without limitation, pursuant to the Credit Agreement and its related documentation and Hedging Obligations;

(2) this Indenture, the Notes and the Guarantees;

(3) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions of the nature discussed in clause (a)(3) above on the property so acquired;

(4) applicable law or any applicable rule, regulation or order or as may be required by the OCC;

(5) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(6) contracts for the sale of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into;

(7) the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(8) Secured Debt otherwise permitted to be incurred pursuant to Section 4.09 hereof and Section 4.12 hereof that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(9) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(10) other Indebtedness, Disqualified Stock or preferred stock of Restricted Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of Section 4.09 hereof;

(11) customary provisions in joint venture agreements, asset sale agreements, sale-lease back agreements and other similar agreements;

(12) customary provisions contained in leases and other agreements entered into in the ordinary course of business;

(13) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(14) restrictions in connection with any Receivables Facility that, in the good faith determination of the Issuer are necessary or advisable to effect such Receivables Facility; and

(15) any encumbrances or restrictions of the type referred to in Section 4.08(a) hereof imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (I) through (14) of this Section 4.08(b); *provided*, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are not materially more restrictive with respect to such encumbrance and other restrictions than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

Section 4.09 *Incurrence of Indebtedness and Issuance of Disqualified Stock.*

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (including Acquired Indebtedness and Attributable Debt) and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or preferred stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness or Attributable Debt), issue shares of Disqualified Stock and issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.00 to l.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided*, *further*, that the amount of Indebtedness (other than Acquired Indebtedness), Disqualified Stock and preferred stock that may be incurred pursuant to the foregoing by Restricted Subsidiaries (other than Foreign Subsidiaries) that are not Guarantors shall not exceed $30.0 million at any one time outstanding.

(b) The provisions of Section 4.09(a) hereof will not apply to any of the following items (collectively, "*Permitted Debt*"):

(1) the incurrence of Indebtedness under Credit Facilities by the Issuer or any of the Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of $1,000.0 million less the sum of (A) all principal repayments required to be applied, and actually applied, to the reduction of Term Loan A under the Credit Facilities; *plus* (B) up to $175.0 million of principal repayments required to be made, and actually made, with the proceeds from Asset Sales (other than the sale of the Issuer's headquarters in San Diego) applied in accordance with Section 4.10 hereof;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Notes (including any Guarantee);

(3) Existing Indebtedness (other than Indebtedness described in clauses (1), (2) and (20));

(4) Indebtedness (including Capitalized Lease Obligations), Disqualified Stock and preferred stock incurred by the Issuer or any of the Restricted Subsidiaries to finance the development, construction, purchase, lease, repairs, additions or improvement of property (real or

personal), equipment or other fixed or capital assets that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in each case in an aggregate principal amount which, when aggregated with the principal amount of all other Indebtedness, Disqualified Stock and preferred stock then outstanding and incurred pursuant to this clause (4) and including all Indebtedness incurred to refund, refinance or replace any other Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (4), does not exceed the greater of (x) $90.0 million and (y) 3.0% of Total Assets;

(5) Indebtedness incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including without limitation letters of credit in respect of workers' compensation claims, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided*, *however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(6) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided*, *however*, that:

(A) such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (6)(A)); and

(B) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the Fair Market Value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer and the Restricted Subsidiary in connection with such disposition;

(7) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a non-Guarantor is subordinated in right of payment to the Notes; *provided*, *further*, that that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer Of another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness;

(8) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that:

(A) any such Indebtedness is made pursuant to an intercompany note;

(B) if a Guarantor incurs such Indebtedness to a Restricted Subsidiary that is not the Issuer or a Guarantor, such Indebtedness is subordinated in right of payment to the Guarantee of such Guarantor, *provided*, *further*; that any subsequent. transfer of any such Indebtedness (except to any Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such. Indebtedness; and

(C) if the obligor of such Indebtedness is a Limited Restricted Subsidiary, (x) such Indebtedness. is incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries consistent with past practices or (y) at the time and after giving effect to the incurrence of such Indebtedness, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0;

(9) shares of preferred stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that (x) if such preferred stock issued to or held by a Limited Restricted Subsidiary, either (I) such issuance is effected in the ordinary course of business of the Issuer and its Restricted Subsidiaries consistent with past practices, or (II) at the time and after giving effect to such issuance, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0 and (y) any subsequent issuance or transfer of any Capital Stock or any other

event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of preferred stock (except to the Issuer or another Restricted Subsidiary) shall be deemed in each case to be an issuance of such shares of preferred stock;

(10) Indebtedness incurred in respect of Hedging Obligations;

(11) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees and similar obligations provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(12) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of (i) any Unlimited Restricted Subsidiary, (ii) any Limited Restricted Subsidiary; *provided* that either the guarantee is made by another Limited Restricted Subsidiary or if at the time and after giving effect to the incurrence of such guarantee, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0

or (iii) the Issuer, in each case, so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary or the Issuer is permitted under the terms of this Indenture;

(13) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness, Disqualified Stock or preferred stock which serves to extend, refund, refinance, renew, replace or defease any Indebtedness, Disqualified Stock or preferred stock incurred as permitted under Section 4.09(a) hereof and clauses (2), (3), (13) and (14) of this Section 4.09(b) or any Indebtedness, Disqualified Stock or preferred stock issued to so refund or refinance such Indebtedness, Disqualified Stock or preferred stock, including additional Indebtedness, Disqualified Stock or preferred stock incurred to pay premiums, fees and expenses in connection therewith (the "*Refinancing Indebtedness*") prior to its respective maturity; *provided*, *however*, that such Refinancing Indebtedness:

(A) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or preferred stock being refunded or refinanced;

(B) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated or *pari passu* to the Notes or any Guarantee of the Notes, such Refinancing Indebtedness is subordinated or *pari passu* to the Notes or such Guarantee at least to the same extent as the Indebtedness being refinanced or refunded or (ii) Disqualified Stock or preferred stock, such Refinancing Indebtedness must be Disqualified Stock or preferred stock, respectively; and

(C) shall not include:

(i) Indebtedness, Disqualified Stock or preferred stock of a Subsidiary that refinances Indebtedness, Disqualified Stock or preferred stock of the Issuer;

(ii) Indebtedness, Disqualified Stock or preferred stock of a Subsidiary that is not a Guarantor that refinances Indebtedness, Disqualified Stock or preferred stock of a Guarantor; or

(iii) Indebtedness, Disqualified Stock or preferred stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or preferred stock of an Unrestricted Subsidiary;

and *provided*, *further* that subclause (A) of this clause (13) will not apply to any refunding or refinancing of any Senior Debt;

(14) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture; *provided* that such Indebtedness, Disqualified Stock or preferred stock is not incurred in contemplation of such acquisition or merger; and *provided further* that after giving effect to such acquisition or merger, either:

(A) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; or

(B) the Fixed Charge Coverage Ratio set forth in Section 4.09(a) hereof is greater immediately after such acquisition or merger than immediately prior to such acquisition or merger;

(15) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business;

(16) Indebtedness of the Issuer or any Restricted Subsidiary supported by a letter of credit issued pursuant to any Credit Facility, in a principal amount not in excess of the stated amount of such letter of credit;

(17) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(18) (A) unsecured Indebtedness in respect of obligations of the Issuer or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; *provided*, that such obligations are incurred in connection with open accounts extended by

suppliers on customary trade terms (which require that all such payments be made within 60 days of the incurrence of the related Indebtedness) in the ordinary course of business and not in connection with the borrowing of money;

(B) Guarantees incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors and licensees;

(C) Indebtedness incurred in respect of deferred compensation to employees of the Issuer and the Restricted Subsidiaries incurred in the ordinary course of business; and

(D) Subordinated Indebtedness consisting of promissory notes issued by the Issuer or a Restricted Subsidiary to current or former officers, directors, consultants and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests permitted under Section 4.07 hereof;

(19) Indebtedness of Foreign Subsidiaries for working capital purposes not to exceed $25.0 million in the aggregate at any one time outstanding;

(20) Customer Financing Indebtedness; and

(21) Indebtedness, Disqualified Stock and preferred stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and preferred stock then outstanding and incurred pursuant to this clause (21), does not at any one time outstanding exceed the greater of (x) $90.0 million and (y) the product of $90.0 million multiplied by the CNTA Growth Factor.

For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock meets the criteria of more than one of the categories of Permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (21) of this Section 4.09(b) or is entitled to be incurred pursuant to Section 4.09(a), the Issuer will, in its sole discretion, classify or reclassify such item of Indebtedness in any manner that complies with this Section 4.09 and such item of Indebtedness, Disqualified Stock or Preferred Stock will be treated as having been incurred pursuant to only one of such clauses or pursuant to Section 4.09(a) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred, pursuant to clause (21) or clause (4) of Section 4.09(b) hereof shall cease to be deemed incurred or outstanding for purposes of (i) clause (21) and (ii) clause (4) and shall be deemed incurred for the purposes of Section 4.09(a) hereof from and after the first date on which, and to the extent that, the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under Section 4.09(a) hereof without reliance on clause (21) or (4), as applicable); *provided* that all outstanding Indebtedness under the Credit Facilities immediately following the Transactions shall be deemed to have been incurred pursuant to clause (l) of the definition of Permitted Debt. Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness,

Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of indebtedness, Disqualified Stock or Preferred Stock for purposes of this Section 4.09 hereof

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence. of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Section 4.10 *Asset Sales.*

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, cause, make or suffer to exist an Asset Sale unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; provided that the amount of:

(A) any liabilities (as shown on the Issuer's, or such Restricted Subsidiary's, most recent balance sheet or in the notes thereto) of the Issuer or any Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes, that are assumed by the transferee of any such assets (or a third party on behalf of the transferee) and for which the Issuer or such Restricted Subsidiary has been validly released by all creditors in writing;

(B) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Sale; and

(C) any Designated Noncash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market

Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (C) that is at that time outstanding, not to exceed $150.0 million, with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value;

shall be deemed to be cash for purposes of this provision and for no other purpose.

(b) Within 365 days after any of the Issuer's or any Restricted Subsidiary's receipt of the Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary may, at its option, reinvest, enter into a binding commitment to reinvest within an. additional 365 days (an "*Acceptable Commitment*") (and reinvest within 24 months from the date of receipt of Net Proceeds), or may apply the Net Proceeds from such Asset Sale:

(1) to permanently reduce Obligations under Senior Debt or Guarantor Senior Debt (and, in the case of revolving Obligations, to correspondingly reduce commitments with respect thereto), the Notes, Guarantees of the Notes or any other Pari Passu Indebtedness, and to correspondingly reduce commitments with respect thereto (other than Obligations owed to the Issuer or a Restricted Subsidiary of the Issuer); provided, that. if the Issuer shall so reduce Obligations under any Pari Passu Indebtedness (other than Obligations under any Pari Passu Indebtedness secured by a Lien on the assets of the Issuer or any Restricted Subsidiary), the Issuer shall make an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued and unpaid interest, if any, on the pro rata principal amount of Notes; or

(2) to make capital expenditures or to make an investment in (a) any one or more businesses permitted by this Indenture, (b) properties and (e) acquisitions of assets, that in the case of each of clauses (a), (b) and (e) are used or useful in a Similar Business and/or replace the businesses, properties and assets that are the subject of such Asset Sale.

(c) Any Acceptable Commitment that is later canceled or terminated for any reason before such Net Proceeds are so applied shall be treated as a permitted application of the Net Proceeds if the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment within the later of (1) six months of such cancellation or termination or (2) the initial 365-day period.

(d) Any Net Proceeds from the Asset Sale that are not invested or applied as provided and within the time period set forth in the first sentence of Section 4.10(e) hereof will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $20.0 million, the Issuer shall make an offer to all Holders of the Notes and, if required by the terms of any Pari Passu Indebtedness, to the holders of such Pari Passu Indebtedness (other than with respect to Hedging Obligations) (an "*Asset Sale Offer*"), to purchase the maximum principal amount of Notes and such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date fixed for the closing of such offer, in accordance

with the procedures set forth in this Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten business days after the date that Excess Proceeds exceed $20.0 million by mailing the notice required pursuant to the terms of this Indenture, with a copy to the Trustee. To the extent that the aggregate amount of Notes and such Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in this Indenture. If the aggregate principal amount of Notes or the Pari Passu Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such Pari Passu Indebtedness to be purchased on a pro rata basis based on the accreted value or principal amount of the Notes or such Pari Passu Indebtedness tendered. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(e) Pending the final application of any Net Proceeds pursuant to this Section 4.10, the Issuer or the applicable Restricted Subsidiary may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by this Indenture.

(f) The Issuer will comply with the requirements of Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof.

Section 4.11 *Transactions with Affiliates.*

(a) The Issuer will not, and will not permit any Restricted Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $5.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee (A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $15.0 million, a resolution adopted by the majority of the Board of Directors approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) of this Section 4.11(a) and (B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $50.0 million, an opinion as to the fairness to the

Holders of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof

(1) Transactions between or among the Issuer and/or any of the Restricted Subsidiaries;

(2) Restricted Payments permitted by Section 4.07 hereof and the definition of "Permitted Investments;"

(3) so long as no Default or Event of Default shall have occurred or is continuing or shall result therefrom, the payment of (A) customary management, consulting and monitoring and advisory fees to the Sponsors in an aggregate amount in any fiscal year not to exceed $5,000,000 plus all reasonable out-of-pocket expenses and customary indemnities related to any such activities and (B) one-time termination fee approved by a majority of the Board of Directors of the Issuer in good faith payable to the Sponsors upon a Change of Control or a public Equity Offering;

(4) the payment of customary fees paid to, and indemnities provided on behalf of, officers, directors, managers, employees or consultants of the Issuer, any of its direct or indirect parent corporations or any Restricted Subsidiary;

(5) so long as no Default or Event of Default shall have occurred or is continuing or shall result therefrom, payments by the Issuer or any Restricted Subsidiary to the Sponsors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures which payments are approved by the Issuer in good faith;

(6) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person;

(7) payments or loans (or cancellation of loans) to employees or consultants of the Issuer, any of its direct or indirect parent corporations or any Restricted Subsidiary and employment agreements, stock option plans and other compensatory arrangements which are, in each case, approved by a majority of the Issuer in good faith;

(8) any agreement, instrument or arrangement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous to the holders in any material respect as reasonably determined by the Issuer);

(9) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement or limited liability company agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any Restricted Subsidiary of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (9) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders in any material respect;

(10) the Transactions and the payment of all fees and expenses related to the Transactions, in each case as disclosed in the Offering Circular;

(11) transactions with easterners, financial advisors, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture which are fair to the Issuer and the Restricted Subsidiaries, in the reasonable determination of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(12) sales of accounts receivable, or participations therein, in connection with any Receivables Facility; and

(13) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Permitted Holder or to any director, manager, officer, employee or consultant.

Section 4.12 *Liens.*

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien that secures any Indebtedness of any kind on any asset or property now owned or hereafter acquired, except Permitted Liens, unless (I) in the case of Liens securing Indebtedness that is Subordinated Indebtedness, the Notes or such Guarantee of a Guarantor are secured by a Lien on such property or assets that is senior in priority to such Liens; and (2) in all other cases, the Notes or such Guarantee of a Guarantor are equally and ratably secured; *provided* that any Lien which is granted to secure the Notes under this Section 4.12 shall be discharged at the same time as the discharge of the Lien that gave rise to the obligation to so secure the Notes.

Section 4.13 *Limitation on Issuances and Sales of Equity Interests of Broker-Dealer Restricted Subsidiaries.*

The Issuer will not, and will not permit any Restricted Subsidiary to, transfer, convey, sell, issue, lease or otherwise dispose of any Equity Interests of any Broker-Dealer Restricted Subsidiary which is not a Guarantor to any Person (other than to the Company or another Wholly-Owned Restricted Subsidiary of the Company), unless (a) after giving effect to such transfer, conveyance, sale, lease or other disposition, either (x) such Broker-Dealer Restricted Subsidiary

remains (A) an Unlimited Restricted Subsidiary or (B) a Restricted Subsidiary, so long as before and after giving effect to such transaction, the Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0) or (y) the Issuer and its Restricted Subsidiaries cease to own any Equity Interests of such Broker-Dealer Restricted Subsidiary, and (b) such transfer, conveyance, sale, lease or other disposition shall be made in accordance with the provisions of Section 4.10; *provided, however*, that this Section 4.13 shall not restrict any pledge of Capital Stock of the Company and its Restricted Subsidiaries securing Indebtedness under the Credit Facilities or other Indebtedness permitted to be secured by Section 4.12.

Section 4.14 *Corporate Existence.*

Subject to Article 5 hereof, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(a) its corporate existence, and the corporate, partnership, limited liability company or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Issuer or any such Subsidiary; and

(b) the rights (charter and statutory), licenses and franchises of the Issuer and its Subsidiaries; *provided, however*, that the Issuer shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if its Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.15 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, the Issuer will make an offer (a "Change of Control Offer") to each Holder to purchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that Holder's Notes at a price in cash (a "Change of Control Payment") equal to 101% of the aggregate principal amount of Notes plus accrued and unpaid interest to the date of purchase, subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice of such Change of Control Offer by first class mail, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register with a copy to the Trustee, with the following information:

(1) that a Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes properly tendered pursuant to such Change of Control Offer, will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*");

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that, unless the issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, to the Paying Agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Notes and their election to require the issuer to purchase such Notes, *provided* that the paying agent receives, not later than the close of business on the last day of the offer period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof.

While the Notes are in global form and the Issuer makes an offer to purchase all of the Notes pursuant to the Change of Control Offer, a Holder may exercise its option to elect for the purchase of the Notes through. the facilities of DTC, subject to its rules and regulations.

The Issuer will comply with the requirements of Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes pursuant to a Change of Control Offer. To the extent that the

provisions of any securities laws or regulations conflict with the provisions of Section 3.09 hereof or this Section 4,15, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under Section 3.09 hereof or this Section 4.15 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Issuer will, to the extent permitted by law:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted. together with an Officer's Certificate stating that such Notes or portions of Notes have been tendered to and purchased by the Issuer.

The Paying Agent will promptly mail to each Holder of Notes the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and Section 3.09 hereof made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

A Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Section 4.16 *Additional Guarantees.*

The Issuer will cause each Restricted Subsidiary that is a Domestic Subsidiary, unless such Subsidiary is a Receivables Subsidiary or a Restricted Subsidiary that cannot guarantee the Notes as a result of any statute or any order, rule or regulation of any court or governmental or regulatory agency, body or authority having jurisdiction over such Restricted Subsidiary or any of its properties (*provided* that if the Issuer or any of its Restricted Subsidiaries requests that any such court or governmental or regulatory agency, body or authority permit such Restricted Subsidiary to guarantee any Indebtedness of the Issuer or any of its Restricted Subsidiaries, such request shall include a request for permission to guarantee the Notes), that

(1) guarantees any Indebtedness of the Issuer or any of its Restricted Subsidiaries; or

(2) incurs any Indebtedness or issues any shares of Disqualified Stock permitted to be incurred or issued pursuant to clause (1) Section 4.09(b) hereof

to execute and deliver to the Trustee, the form of which is attached as Exhibit F hereto, a supplemental indenture pursuant to which such Subsidiary will guarantee payment of the Notes or a Guarantee. Each Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. Each Guarantee shall be released in accordance with Section 4.17 hereof. The form of such Guarantee is attached as Exhibit E hereto.

Section 4.17 *Release of Guarantees.*

A Guarantee of a Guarantor will be automatically released and no further action is required for the release of such Guarantor's Guarantee, upon:

(1) the sale, disposition or other transfer (including through merger or consolidation) of the Capital Stock (including any sale, disposition or other transfer following which the applicable Guarantor is no longer a Restricted Subsidiary), or all or substantially all the assets, of the applicable Guarantor if such sale, disposition or other transfer is made in compliance with this Indenture;

(A) the Issuer designating such Guarantor to be an Unrestricted Subsidiary in accordance with Section 4.07 hereof and the definition of "Unrestricted Subsidiary;" and

(B) in the case of any Restricted Subsidiary which after the Issue Date is required to guarantee the Notes pursuant to this Section 4.17, the release or discharge of the guarantee by such Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer or such Restricted Subsidiary or the repayment of the Indebtedness or Disqualified Stock, in each case, which resulted in the obligation to guarantee the Notes; and

(2) in the case of clause (1)(A) above, such Guarantor is released from its guarantees, if any, of, and all pledges and security, if any, granted in connection with, the Credit Agreement and any other Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer.

A Guarantee also will be automatically released if such Subsidiary is released from its guarantees of the Credit Agreement and any other Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer, which results in the obligation to guarantee the Notes.

Upon Legal Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 12 hereof; each Guarantor will be released and relieved of any obligations under its Guarantee.

Section 4.18 *Limitations on Sale and Leaseback Transactions.*

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; *provided*, *however*, that the Issuer may enter into a sale and leaseback transaction if the Issuer could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Fixed Charge Coverage Ratio test described in the first sentence under Section 4.09 hereof.

Section 4.19 *Limitation on Layering.*

Notwithstanding anything to the contrary, the Issuer shall not, and shall net permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Permitted Indebtedness) that is subordinate in right of payment to any Senior Indebtedness of the Issuers or such Guarantor, as the case may be, unless such Indebtedness is either:

(a) equal in right of payment with the Notes or such Guarantor's Guarantee of the Notes, as the case may be; or

(b) expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee of the Notes, as the case may be.

For the purposes of this Indenture, Indebtedness that is unsecured is not deemed to be subordinated or junior to Secured Debt merely because it is unsecured, and Senior Debt is not deemed to be subordinated or junior to any other Senior Debt merely because it has a junior priority with respect to the same collateral; *provided*, *however*, that notwithstanding the foregoing, until the Disposition Date (unless otherwise consented by the GSMP Group), any Secured Debt which is, by its express terms, subordinated as to rights to receive proceeds of collateral to any other Secured Debt of such Guarantor secured in whole or in part by the same collateral shall not be permitted.

Section 4.20 *Restrictions on Activities of Holdings.*

(a) Holdings shall not (i) engage in any business other than direct ownership of all of the Equity Interests of the Issuer and activities incidental or reasonably related thereto, other than (A) the performance of its obligations under and in connection with the Credit Agreement, this Indenture, the Mezzanine Purchase Agreement, the GS&Co Purchase Agreement and the Notes, (8) actions incidental to the consummation of the Transactions, (C) the maintenance of its legal existence, including the ability to incur fees, costs and expenses relating to such maintenance, (D) participating in tax, accounting and other administrative matters as a member of the consolidated group of Holdings and the Issuer, (E) the performance of the Transaction Documents, (F) any public offering of its common stock or any other issuance of its Capital Stock not prohibited by this Indenture, including the costs,, fees and expenses related thereto, (G) any transaction that Holdings is permitted to enter into or consummate under this Article 4 including making any Restricted Payment permitted by Section 4.07 or holding any cash received in connection with Restricted Payments made by the Issuer in accordance with Section 4,07 pending application thereof by Holdings in the manner contemplated by Section 4.07, (H) incurring fees, costs and expenses relating to overhead and general operating including, without limitation, professional fees for legal, tax and accounting issues, (I) providing indemnification to officers and directors and as otherwise permitted in this Indenture and (J) actions expressly permitted to be taken by them pursuant to this Section 4.20, (ii) make or permit to remain outstanding any Investment, except for Investments in the Equity Interests of the Issuer and property or assets acquired and immediately contributed to the Issuer or (iii) own or hold or agree to own or hold any property or asset other than the Equity Interests of the Issuer and cash or Cash Equivalents, and property or assets acquired and immediately contributed to the Issuer.

(b) Holdings shall not transfer, convey, sell, lease or otherwise dispose of any Equity Interests of the Issuer to any Person; *provided*, *however*, that this sentence shall not apply to (x) any pledge of Capital Stock of the Issuer to the extent required under the Credit Agreement or any other agreement governing Secured Debt permitted hereunder and (y) foreclosure on such Equity Interests pursuant to the Credit Agreement or any other agreement governing Secured Debt permitted hereunder. Holdings shall not permit the Issuer to issue any Equity Interests to any Person other than Holdings.

Section 4.21 *Suspension of Covenants.*

(a) During any period of time that: (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing under this Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*"), the Issuer and the Restricted Subsidiaries will not be subject to the following provisions of this Indenture:

(1) Section 4.07;

(2) Section 4.08;

(3) Section 4.09;

(4) Section 4.10;

(5) Section 4.11;

(6) Section 4.13;

(7) Section 4.18 and

(8) Clause 4 of Section 5.01(a) (collectively, the "*Suspended Covenants*").

(b) Upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Proceeds shall be set at zero. In addition, the Guarantees of the Guarantors will also be suspended as of such date (the "*Suspension Date*"). In the event that the Issuer and the Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") one or both of the Rating Agencies withdraws its Investment Grade Rating or downgrades the rating assigned to the notes below an Investment Grade Rating or a Default or Event of Default occurs and is continuing, then the Issuer and the Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants with respect to future events and the Guarantees will be reinstated. The period of time between the Suspension Date and the Reversion Date is referred to in this description as the "*Suspension Period.*" Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

(1) On the Reversion Date, all Indebtedness incurred, or Disqualified Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to Section 4.09(a) hereof or one of the clauses set forth in Section 4.09(b) hereof (to the extent such Indebtedness or Disqualified Stock would be permitted to be incurred or issued thereunder as of the Reversion Date and after giving effect to Indebtedness incurred or issued prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness or Disqualified Stock would not be so permitted to be incurred or issued pursuant to

Section 4.09(a) or (b) hereof, such Indebtedness Or Disqualified Stock will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (3) of Section 4.09(b) hereof. Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under Section 4.07 hereof will be made as though Section 4.07 hereof had been in effect since the Issue Date and throughout the Suspension Period, Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under Section 4.07(a) hereof.

(2) The Issuer shall deliver promptly to the Trustee an Officer's Certificate notifying it of any such occurrence under this Section 4.21.

Section 4.22 *Payments for Consents.*

Neither the Issuer nor any of its Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes in consideration for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is concurrently offered to be paid or is concurrently paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation, or Sa1e of Assets.*

(a) the Issuer may not consolidate or merge with or into (whether or not the Issuer is the surviving entity, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets in one or more related transactions, to another Person, unless:

(1) either:

(A) the Issuer is the surviving company; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the "Successor Company");

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under this Indenture and the Notes pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) immediately after giving pro forma effect to such transaction, as if such transaction had occurred at the beginning of the applicable four-quarter period:

(A) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; or

(B) the Fixed Charge Coverage Ratio for the Successor Company and the Restricted Subsidiaries would be greater than such ratio for the Issuer and the Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described above, in which case Section 5.01(b)(l)(B) shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture and the Notes; and

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture.

The Successor Company will succeed to, and be substituted for, the Issuer under the Indenture and the Notes. Notwithstanding the foregoing clauses (3) and (4):

(A) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Issuer, and

(B) the Issuer may merge with an Affiliate incorporated solely for the purpose of reincorporating the guarantor or the Issuer in another State of the United States so long as the amount of Indebtedness of the Issuer and the Restricted Subsidiaries is not increased thereby.

(b) Subject to Section 4.17 hereof, each Guarantor will not, and the Issuer will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not such Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, any Person, unless:

(1)

(A) such Guarantor is the surviving entity or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "*Successor Person*");

(B) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture and such Guarantor's Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(C) immediately after such transaction no Default or Event of Default exists; and

(D) the Issuer shall have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) the transaction is made in compliance with Section 4.10 hereof.

(c) Notwithstanding the foregoing, the mergers contemplated by the Transaction Agreement will be permitted without compliance with this Section 5.01. Subject to certain limitations described in this Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under this Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to "the Issuer" shall refer instead to the successor Person and not to the Issuer), and may exercise every right and power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; *provided*, *however*, that the Issuer shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Issuer's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "*Event of Default*":

(a) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes issued under this Indenture;

(b) default for 30 days (or, until the Disposition Date (unless the GSMP Group consents to a longer period not to exceed 30 days), 5 days) or more in the payment when due of interest on or any other amount with respect to the Notes issued under the Indenture whether or not such payment is prohibited by the provisions of Article 10 hereof;

(c) (A) failure by the Issuer to comply with its obligations under Section 4.15 hereof or Article 5 (with respect to the Issuer only) hereof or (B) failure by Holdings, the Issuer or any Restricted Subsidiary of the Issuer, for 60 days after receipt of written notice given by the Trustee or the Holders of at least 35% in principal amount of the Notes then outstanding, to comply with any of its other agreements under this Indenture or the Notes to the extent such failure does not otherwise constitute a Default under clause (a), (b) or (c)(A); *provided* that, notwithstanding anything to the contrary in the foregoing clause (B), until the Disposition Date (unless the GSMP Group consents to longer grace periods not to exceed those provided in the foregoing clause (B), failure of Holdings, the Issuer or any Restricted Subsidiary of the Issuer to comply with their respective obligations (x) under Sections 4.07 through 4.13, inclusive, 4.18, through 4.20, inclusive, and Article 5 (other than with respect to the Issuer) shall result in an Event of Default upon the occurrence of such failure and (y) under any other provision of this Indenture or the Notes (to the extent such failure does not otherwise constitute a Default under clauses (a), (b) or (c)(A)) shall result in an Event of Default after such failure continues for 30 days after receipt of written notice given by the Trustee or the GSMP Group;

(d) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness by the Issuer or any Restricted Subsidiary or the payment of which is guaranteed by the Issuer or any Restricted Subsidiary, other than Indebtedness owed to the Issuer or a Restricted Subsidiary by a Person which is neither the Issuer nor its Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

(1) such default (I) in the case of any Senior Debt, either (i) results from the failure to pay any such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or (ii) relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity or (II) in the case of any other Indebtedness, continues beyond its applicable period of grace; and

(2) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness subject to clause (A) above, aggregates $25.0 million or more at any one time outstanding;

(e) until the Disposition Date (unless waived by the GSMP Group), (A) failure by the Issuer for 30 days after receipt of written notice given by one or more Initial Purchasers to comply with any of its covenants and other agreements in the Mezzanine Purchase Agreement or (B) failure of any representation, warranty, certification or statement made or deemed to have been made by or on behalf of the Issuer or by any of its officers or employees in any statement or certificate at any time given by or on behalf of the Issuer in writing pursuant to the Mezzanine Purchase Agreement to be true and correct in any material respect on the date as of which made;

(f) failure by the Issuer or any of its Subsidiaries to pay final judgments aggregating in excess of $25.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(g) the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(1) commences a voluntary case,

(2) consents to the entry of an order for relief against it in an involuntary case,

(3) consents to the appointment of a custodian of it or for all or substantially all of its property,

(4) makes a general assignment for the benefit of its creditors, or

(5) generally is not paying its debts as they become due;

(h) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(2) appoints a custodian of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary; or

(3) orders the liquidation of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days;

(i) the Guarantee of any Significant Subsidiary (or any group of subsidiaries that together would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer of any Guarantor that is a Significant Subsidiary (or the responsible officers of any group of subsidiaries that together would constitute a Significant Subsidiary), as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the related Indenture or the release of any such Guarantee in accordance with this Indenture; or

(j) Holdings ceases to own 100% of the issued and outstanding Equity Interests of the Issuer.

In the event of any Event of Default specified in clause (d) above, such Event of Default and all consequences thereof (excluding any resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

(y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or

(z) if the default that is the basis for such Event of Default has been cured.

Section 6.01 *Acceleration.*

In the case of an Event of Default specified in clause (g) or (h) of Section 6.01 hereof, with respect to the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 35% in principal amount of the then outstanding Notes issued under this Indenture (*provided* that with respect to the Defaults applicable only prior to the Disposition Date, such percentage must include the GSMP Group) may declare the principal, premium, if any, interest and any other monetary obligations on all of the then outstanding Notes issued under this Indenture to be due and payable immediately or if the Credit Agreement remains outstanding, upon the first to occur of an acceleration under the Credit Agreement and five Business Days after receipt by the Issuer and the Representative under the Credit Agreement of a notice of acceleration pursuant to this Section 6.02 but only if such Event of Default is then continuing.

Upon the effectiveness such declaration, such principal and interest shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration and its consequence, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium, if any, that has become due solely because of the acceleration) have been cured or waived.

Section 6.03 *Other Remedies.*

If, at any time prior to the first day on which the Initial Purchasers shall fail to own at least a majority in aggregate principal amount of the Notes then outstanding (exclusive of any Notes held by the Issuer or any of its Affiliates), unless waived by the Initial Purchasers, a default in the payment when due of interest on, principal of, or premium, if any, on, the Notes or an Event of Default has occurred and is continuing, then in each case the Notes will accrue interest at the stated interest rate on the Notes plus the Default Interest Rate until such time as no such Default

or such Event of Default shall be continuing (to the extent that the payment of such interest shall be legally enforceable) or the Disposition Date. At any other time, any amounts payable under or in respect of the Notes not paid when due will accrue interest at the stated interest rate on the Notes plus the Default Interest Rate until such time as such amounts are paid in full, including any interest thereon (to the extent that the payment of such overdue interest shall be legally enforceable). Default Interest shall be payable in cash on demand.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, any Notes held by a non-consenting Holder (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

A Holder may pursue a remedy with respect to this Indenture or the Notes only if:

(a) such Holder gives to the Trustee written notice that an Event of Default is continuing;

(b) Holders of at least 35% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(e) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with such request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as Trustee of an express trust against the Issuer for the whole amount of principal of, premium, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuer (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such

proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise, Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the

Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any and interest, respectively; and

Third: to the Issuer or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be. read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent. required by law.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an. Officer's Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel will

be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an Officer of the Issuer.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 *Reports by Trustee to Holders of the Notes.*

(a) Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee will mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA § 313(a) (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also will comply with TIA § 313(b)(2). The Trustee will also transmit by mail all reports as required by TIA § 313(c).

(b) A copy of each report at the time of its mailing to the Holders of Notes will be mailed by the Trustee to the Issuer and filed by the Trustee with the SEC and each stock exchange on which the Notes are listed in accordance with TIA § 313(d). The Issuer will promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.07 *Compensation and Indemnity.*

(a) The Issuer will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Issuer will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Issuer and the Guarantors will indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Issuer and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Issuer, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee will notify the Issuer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer will not relieve the Issuer or any of the Guarantors of their obligations hereunder. The Issuer or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Issuer will pay the reasonable fees and expenses of such counsel. Neither the Issuer nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Issuer and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture.

(d) To secure the Issuer's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(g) or (h) hereof occurs, the expenses and the compensation for the services

(including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) The Trustee will comply with the provisions of TIA § 313(b)(2) to the extent applicable.

Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the issuer. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee

pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

Section 7.09 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.10 *Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA § 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b).

Section 7.11 *Preferential Collection of Claims Against the Issuer.*

The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 3.11(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Issuer may, at its option and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes and Guarantees issued under this Indenture upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all their other obligations under such Notes, the Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the

same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of Notes issued under this Indenture to receive payments in respect of the principal of, premium,. if any, and interest on such Notes when such payments are due solely out of the trust referred to in Section 8.04 hereof;

(b) the Issuer's obligations with respect to Notes issued under this Indenture concerning issuing temporary notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuer's and the Guarantors' obligations in connection therewith; and

(d) this Section 8.02.

Subject to compliance with this Article 8, the Issuer may exercise their option under this Section 8.02 notwithstanding the prior exercise of their option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8,03, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.03, 4.04, 4.05, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19 and 4.20 hereof and clauses (3) and (4) of Section 5.01(a) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding,, for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Guarantees, the Issuer and each of the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6,01(c) through 6.01(f) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(a) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest due on the Notes issued under this Indenture on the stated maturity date or on the Redemption Date, as the case may be, of such principal, premium, if any, or interest on the Notes;

(b) in the case of an election under Section 8.02 hereof, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions:

(1) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or

(2) since the issuance of the Notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel in the United States shall confirm that, subject to customary assumptions and exclusions, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the ease if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit) shall have occurred and be continuing on the date of such deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, the Credit Agreement or any other material agreement or instrument (other than this Indenture) to which, the Issuer or any Guarantor is a party or by which the Issuer or any guarantor is bound;

(f) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally under any applicable U.S. federal or state law, and that the Trustee has a perfected security interest in such trust funds for the ratable benefit of the Holders;

(g) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(h) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel in the United States (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Section 8.05 *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "*Trustee*") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything herein to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the request of the Issuer any money or non-callable Government Securities held by it as provided in Section 12.01(b)(1) hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent satisfaction and discharge.

Section 8.06 *Repayment to the Issuer.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, or interest on, any Note and remaining unclaimed for two years after such principal, premium, or interest has become due and payable shall be paid to the Issuer or (if then

held by the Issuer will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once in a newspaper of general circulation in the Borough of Manhattan, City of New York, notice that such money remains unclaimed and that, after a date

specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Guarantors' obligations under this Indenture and the Notes and the Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided*, *however*, that, if the Issuer make any payment of principal of, premium, if any, or interest on, any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 of this Indenture, the Issuer, any Guarantor (with respect to a Guarantee or this Indenture to which it is a party) and the Trustee may amend or supplement this Indenture or the Notes or the Guarantees without the consent of any Holder of Note:

(a) to cure any ambiguity, omission, mistake, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) to comply with Section 5.01 hereof;

(d) to provide the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(e) to make any change that would provide any additional rights or benefits to the Holders;

(f) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer;

(g) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(h) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee pursuant to the requirements thereof; or

(i) to add a Guarantor under this Indenture.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Issuer and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise. Notwithstanding the foregoing, an additional Guarantor may be added pursuant to a supplemental indenture, and no Opinion of Counsel or Officer's Certificate shall be required.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, the Issuer and the Trustee may amend or supplement this Indenture (including, without limitation, Sections 3.09, 4.10 and 4.16 hereof) and the Notes and the Guarantees with the consent of-the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes or the Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class (including, without limitation, consents obtained in connection with a tender

offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive

compliance in a particular instance by the Issuer with any provision of this, Indenture or the Notes or the Guarantees. However, without the consent of each Holder affected (subject to the Issuer's rights under Section 3.10 hereof), an amendment, supplement or waiver under this Section 9.02 may not:

(a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the used maturity of any Note or alter or waive the provisions with respect to the redemption of the Notes (other than the provisions of Section 4.15 hereof);

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of, or premium, if any, or interest on the Notes issued under this Indenture, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in this Indenture or any guarantee which cannot be amended or modified without the consent of all Holders;

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, or premium, if any, or interest on the Notes;

(g) make any change in these amendment and waiver provisions; or

(h) impair the right of any Holder to receive payment of principal of, or interest on, such Holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes.

Section 9.03 *Compliance with Trust Indenture Act.*

Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture that complies with the TIA as then in effect.

Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Issuer may not sign an amended or supplemental indenture until the Board of Directors of the Issuer approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

ARTICLE 10
SUBORDINATION OF NOTES

Section 10.01 *Notes Subordinated to Senior Debt.*

Notwithstanding anything to the contrary contained herein, the Issuer, for itself and its successors, and each Holder, by his or her acceptance of Notes, agrees that the payment of all Obligations owing to the Holders in respect of the Notes is subordinated, to the extent and in the manner provided in this Article 10, to the prior payment in full in cash, or such payment duly provided for to the satisfaction of the holders of Senior Debt, of all Obligations on Senior Debt (including the Obligations with respect to the Credit Agreement, whether outstanding on the Issue Date or thereafter incurred and including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt, whether or not a claim for such amount would be allowed in such proceeding). Notwithstanding the foregoing, the Holders may receive and retain Permitted Junior Securities and payments and distributions made relating to the Notes from the trust established pursuant to Article 8 or 12 shall not be so subordinated in right of payment, so long as the conditions specified in Article 8 or 12 (without any waiver or modification of the requirement that the deposits pursuant thereto do not conflict with the terms of the Credit Agreement or any other Senior Debt) with respect to the trust established pursuant to Article 8 or 12 are satisfied cm the date of any deposit pursuant to said trust.

This Article 10 shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

Section 10.02 *Suspension of Payment When Designated Senior Debt Is in Default.*

(a) If any default occurs and is continuing beyond any applicable grace period when payment is due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or fees or other amounts payable with respect to, any Designated Senior Debt (a "*Payment Default*"), then no payment or distribution of any kind or character shall be made by or on behalf of the Issuer or any other Person on its or their behalf with respect to any Obligations on or relating to the Notes or to acquire, defease or redeem any of the Notes for cash or assets or otherwise unless the default has been cured or waived; *provided*, *however*, that the Issuer may pay the Notes without regard to the foregoing if the Issuer and the Trustee receive written notice approving such payment from the Representative of the holders of such Designated Senior Debt.

(b) If any other event of default (other than a Payment Default) occurs and is continuing with respect to any Designated Senior Debt (as such event of default is defined in the instrument creating or evidencing such Designated Senior Debt) permitting the holders of such Designated Senior Debt then outstanding to accelerate the maturity thereof (without further notice or the passage of time, other than notice of acceleration) (a "*Non-Payment Default*") and if the Representative for the respective issue of Designated Senior Debt gives notice of the event of default to the Trustee stating that such notice is a payment blockage notice (a "*Payment Blockage Notice*"), then during the period (the "*Payment Blockage Period*") beginning upon the delivery of such Payment Blockage Notice and ending on the earlier of the 179th day after such delivery and the date on which (x) such Non-Payment Default with respect to such Designated Senior Debt has been cured or waived or ceases to exist, (y) all Designated Senior Debt with respect to which any such event of default has occurred and is continuing is discharged or paid in full in cash, or (z) the Trustee receives notice thereof from the Representative for the respective issue of Designated Senior Debt terminating the Payment Blockage Period (unless the maturity of any Designated Senior Debt has been accelerated or a Payment Default exists), neither the Issuer nor any other Person on its behalf shall (x) make any payment of any kind or character with respect to any Obligations on or with respect to the Notes (except that Holders may receive and retain Permitted Junior Securities and payments from trusts described in Article 8 or 12) or (y) acquire, defease or redeem any of the Notes for cash or assets or otherwise. Notwithstanding anything herein to the contrary, (x) in no event will a Payment Blockage Period extend beyond 179 days from the date the applicable Payment Blockage Notice is received by the Trustee and (y) only one such Payment Blockage Period may be commenced within any 360 consecutive days. For all purposes of this Section 10.02(b), no event of default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Debt shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the Representative of such Designated Senior Debt whether or not within a period of 360 consecutive days, unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants. for a period ending after the date of commencement of such Payment Blockage Period that, in either case, would give rise to an event of default pursuant to any provisions under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose) and all scheduled payments of principal, interest and premium, if any, on the Notes that have come due have been paid full in cash.

(c) The foregoing Sections 10.02(a) and (b) shall not apply to (x) payments and distributions made relating to the Notes from the trust established pursuant to Article 8 or 12, so long as the conditions specified in Article 8 or 12 (without any waiver or modification of the requirement that the deposits

pursuant thereto do not conflict with the terms of the Credit Agreement or any other Senior Debt) are satisfied on the date of any deposit pursuant to said trust and (y) payment of Permitted Junior Securities. In addition, Holders may also receive and retain Permitted Junior Securities.

(d) In the event that any payment or distribution shall be received by the Trustee or any Holder when such payment or distribution is prohibited by the foregoing provisions of this Section 10.02, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt (*pro rata* to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, as their respective interests may appear. The Trustee shall be entitled to rely on information regarding amounts then due and owing on the Senior Debt, if any, received from the holders of Senior Debt (or their Representatives) or, if such information is not received from such holders or their Representatives, from the Issuer and only amounts included in the information provided to the Trustee shall be paid to the holders of Senior Debt.

Nothing contained in this Article 10 shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the maturity of the Notes pursuant to Section 6.02 or to pursue any rights or remedies hereunder; *provided* that all Senior Debt thereafter due or declared to be due shall first be paid in full in cash before the Holders are entitled to receive any payment of any kind or character with respect to Obligations on the Notes (and such Holders may receive such payments only to the extent then permitted to do so by Sections 10.02(a) and (b)).

Section 10.03 *Notes Subordinated to Prior Payment of All Senior Debt on Dissolution, Liquidation or Reorganization of the Issuer.*

(a) Upon any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities, to creditors upon any total or partial liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of the Issuer or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to the Issuer or its assets, whether voluntary or involuntary, all Obligations due or to become due upon all Senior Debt shall first be paid in full in cash, or such payment duly provided for to the satisfaction of the holders of Senior Debt, before any payment or distribution of any kind or character is made on account of any Obligations on or relating to the Notes (except that Holders may receive and retain Permitted Junior Securities and payments from the trusts described in Article 8 or 12), or for the acquisition, defeasance or redemption of any of the Notes for cash or assets or otherwise. Upon any such dissolution, winding-up, liquidation, reorganization, receivership or similar proceeding, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities (other than Permitted Junior Securities and payments from the trusts described in Article 8 or 12), to which the Holders or the Trustee under this Indenture would be entitled, except for the provisions hereof, shall be paid by the Issuer or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders or by the Trustee under this Indenture if received by them, directly to the holders of Senior Debt (pro rata to such

holders on the basis of the respective amounts of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash or Cash Equivalents after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of Senior Debt.

(b) To the extent any payment of Senior Debt (whether by or on behalf of the Issuer, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

It is further agreed that any diminution (whether pursuant to court decree or otherwise, including without limitation for any of the reasons described in the preceding sentence) of the Issuer's obligation to make any distribution or payment pursuant to any Senior Debt, except to the extent such diminution occurs by reason of the repayment (which has not been disgorged or returned) of such Senior Debt in cash, shall have no force or effect for purposes of the subordination provisions contained in this Article 10, with any turnover of payments as otherwise calculated pursuant to this Article 10 to be made as if no such diminution had occurred.

(c) In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, assets or securities (other than Permitted Junior Securities and payments from the trusts described in Article 8 or 12), shall be received by the Trustee or any Holder when such payment or distribution is prohibited by this Section 10.03, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Debt (*pro rata* to such holders on the basis of the respective amount of Senior Debt held by such holders) or their respective Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of Senior Debt remaining unpaid until all such Senior Debt has been paid in full in cash, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such Senior Debt.

(d) The consolidation of the Issuer with, or the merger of the Issuer with or into, another corporation, partnership, trust or limited liability company or the liquidation or dissolution of the Issuer following the conveyance or transfer of all or substantially all of its assets, to another corporation, partnership, trust or limited liability company upon the terms and conditions provided in Article 5 hereof and as long as permitted under the terms of the Senior Debt shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 10.03 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, assume the Issuer's obligations hereunder in accordance with Article 5 hereof.

Section 10.04 *Payments May Be Made Prior to Dissolution.*

Nothing contained in this Article 10 or elsewhere in this Indenture shall prevent (i) the Issuer, except under the conditions described in Sections 10.02 and 10.03, from making payments at any time for the purpose of making payments of principal of and interest on the Notes, or from depositing with the Trustee any moneys for such payments, or (ii) in the absence of actual knowledge by the Trustee that a given payment would be prohibited by Section 10.02 or 10.03, the application by the Trustee of any moneys deposited with it for the purpose of making such payments of principal of, and interest on, the Notes to the Holders entitled thereto unless at least two Business Days prior to the date upon which such payment would otherwise become due and payable a Responsible Officer of the Trustee shall have actually received the written notice provided for in the first sentence of Section 10.02(b) or in Section 10.07 (*provided* that, notwithstanding the foregoing, the Holders receiving any payments made in contravention of Section 10.02 and/or 10.03 (and the respective such payments) shall otherwise be subject to the provisions of Section 10.02 and Section 10.03). The Issuer shall give prompt written notice to the Trustee of any dissolution, winding-up, liquidation or reorganization of the Issuer, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein.

Section 10.05 *Holders to be Subrogated to Rights of Holders of Senior Debt.*

Subject to the payment in full in cash of all Senior Debt, the Holders of the Notes shall be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of cash, assets or securities of the Issuer applicable to the Senior Debt until the Notes shall be paid in full; and, for the purposes of such subrogation, no such payments or distributions to the holders of the Senior Debt by or on behalf of the Issuer, or by or on behalf of the Holders by virtue of this Article 10, which otherwise would have been made to the Holders shall, as between the Issuer and the Holders, be deemed to be a payment by the Issuer to or on account of the Senior Debt, it being understood that the provisions of this Article 10 are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Debt, on the other hand.

Section 10.06 *Obligations of the Issuer Unconditional.*

Nothing contained in this Article 10 or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among the Issuer, its creditors other than the holders of Senior Debt, and the Holders, the obligation of the Issuer, which is absolute and unconditional, to pay to the Holders the principal of and any interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Issuer other than the holders of the Senior Debt, nor shall anything herein or therein prevent the Holder of any Note or the Trustee on its behalf from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, in respect of cash, assets or securities of the Issuer received upon the exercise of any such remedy.

Section 10.07 *Notice to Trustee.*

The Issuer shall give prompt written notice to the Trustee of any fact known to the Issuer which would prohibit the making of any payment to or by the Trustee in respect of the Notes pursuant to the provisions of this Article 10, although any delay or failure to give any such notice shall have no effect on the subordination provisions contained herein. Regardless of anything to the contrary contained in this Article 10 or elsewhere in this Indenture, the Trustee shall not be charged with knowledge of the existence of any default or event of default with respect to any Senior Debt or of any other facts which would prohibit the making of any payment to or by the Trustee unless and until the Trustee shall have received notice in writing from the Issuer, or from a holder of Senior Debt or a Representative therefor and, prior to the receipt of any such written notice, the Trustee shall be entitled to assume (in the absence of actual knowledge to the contrary) that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of any notice pursuant to this Section 10.07 to establish that such notice has been given by a holder of Senior Debt (or a trustee thereof).

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article 10, the Trustee may request such Person to furnish evidence to the satisfaction of the Trustee as to the amounts of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article 10, and if such evidence is not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 10.08 *Reliance on Judicial Order or Certificate of Liquidating Agent.*

Upon any payment or distribution of assets of the Issuer referred to in this Article 10, the Trustee, subject to the provisions of Article 7 hereof, and the Holders of the Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any insolvency, bankruptcy, receivership, dissolution, winding-up, liquidation, reorganization or similar case or proceeding is pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or the Holders, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other Indebtedness of the Issuer, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

Section 10.09 *Trustee's Relation to Senior Debt.*

The Trustee and any agent of the Issuer or the Trustee shall be entitled to all the rights set forth in this Article 10 with respect to any Senior Debt which may at any time be held by it in its individual or any other capacity to the same extent as any other holder of Senior Debt and nothing in this Indenture shall deprive the Trustee or any such agent of any of its rights as such holder.

With respect to the holders of Senior Debt, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt.

Whenever a distribution is to be made or a notice given to holders or owners of Senior Debt, the distribution may be made and the notice may be given to their Representative, if any.

Section 10.10 *Subordination Rights Not Impaired by Acts or Omissions of the Issuer or Holders of Senior Debt.*

No right of any present or future holders of any Senior Debt to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Issuer with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee, without incurring responsibility to the Trustee or the Holders and without impairing or releasing the subordination provided in this Article 10 or the obligations hereunder of the Holders to the holders of the Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt, or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any Person liable in any manner for the payment or collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against the Issuer and any other Person.

Section 10.11 *Noteholders Authorize Trustee To Effectuate Subordination of Notes.*

Each Holder by its acceptance of Notes authorizes and expressly directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Debt and the Holders, the subordination provided in this Article 10, and appoints the Trustee its attorney-in-fact for such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency, receivership, reorganization or similar proceedings or upon an assignment for the benefit of credits or otherwise) tending towards liquidation of the business and assets of the Issuer, the filing of a claim for the unpaid balance of its Notes and accrued interest in the form required in those proceedings.

If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the expiration of the time to file such claim or claims, then the holders of the Senior Debt or their Representative are or is hereby authorized to have the right to file and are or is hereby authorized to file an appropriate claim for and on behalf of the Holders of said Notes. Nothing herein contained shall be deemed to authorize the Trustee or the holders

of Senior Debt or their Representative to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Debt or their Representative to vote in respect of the claim of any Holder in any such proceeding.

Section 10.12 *This Article 10 Not To Prevent Events of Default.*

The failure to make a payment on account of principal of, premium, if any, or interest on the Notes by reason of any provision of this Article 10 will not be construed as preventing the occurrence of an Event of Default.

Section 10.13 *Trustee's Compensation Not Prejudiced.*

Nothing in this Article 10 will apply to amounts due to the Trustee for its own account (other than payments of Obligations owing to Holders in respect of Notes) pursuant to other Sections of this Indenture.

ARTICLE 11
GUARANTEES

Section 11.01 *Guarantee.*

(a) Subject to this Article 11, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(1) the principal of, premium, if any, and interest on, the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to

enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenant that this Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(e) Any release of a Guarantee shall be governed by Section 4.17 hereof.

Section 11.02 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 11, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent transfer or conveyance.

Section 11.03 *Subordination of Guarantees*

The obligations of each Guarantor under its Guarantee pursuant to this Article 11 shall be junior and subordinated to the prior payment in full in cash or Cash Equivalents of Guarantor Senior Debt on the same basis as the Notes are junior and subordinated to Senior Debt of the Issuer. For

the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the Guarantors only at such times as they may receive and/or retain payments in respect of the Notes pursuant to this Indenture, including. Article 10 hereof.

Section 11.04 *Execution and Delivery of Guarantee.*

To evidence its Guarantee set forth in Section 11.01 hereof, each Guarantor hereby agrees that a notation of such Guarantee substantially in the form attached as Exhibit E hereto will be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers.

Each Guarantor hereby agrees that its Guarantee set forth in Section 11.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee.

If an Officer whose signature is on this Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Guarantee is endorsed, the Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee; after the authentication thereof hereunder, will constitute due delivery of the Guarantee set forth in this Indenture on behalf of the Guarantors.

In the event that the Issuer or any of its Restricted Subsidiaries creates or acquires any Domestic Subsidiary after the date of this Indenture, if required by Section 4.16 hereof, the Issuer will cause such Domestic Subsidiary to comply with the provisions of Section 4.16 hereof and this Article 11, to the extent applicable.

ARTICLE 12
SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when either:

(a) all such Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(b)

(1) all such Notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars,

non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit) with respect to this Indenture or the Notes issued hereunder has occurred and is continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer is or any Guarantor is a party or by which the Issuer is or any Guarantor is bound;

(3) the Issuer has paid or caused to be paid all sums payable by them under this Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of such Notes at maturity or the Redemption Date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (1) of clause (b) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying. Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided* that if the Issuer has made any payment of principal of, premium, if any, or interest on, any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

Notwithstanding anything in Article 8 to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the request of the Issuer any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(b) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

ARTICLE 13
MISCELLANEOUS

Section 13.01 *Notices.*

Any notice or communication by the Issuer, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or by electronic transmission or first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuer and/or any Guarantor:

LPL Holdings, Inc.
1 Beacon Street
22nd Floor
Boston, MA 02108
Attention: Stephanie Brown
Fax: (617) 556-2811

With copies to:

Texas Pacific Group
301 Commerce Street
Suite 3300
Fort Worth, TX 76102
Attention: Richard Schifter
Fax: (415) 743-1501

Hellman & Friedman LLC
One Maritime Plaza, 12th Floor
San Francisco, CA 94111
Attention: Jeffrey Goldstein
Fax: (415) 835-5408

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Stephan Feder
Fax: (212) 455-2502

If to the Trustee:

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC N9303-120
Sixth Street & Marquette Avenue
Minneapolis, MN 55479
Attention: Lynn Steiner
Fax: (612) 667-9825

The Issuer, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five calendar days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar.

If a notice or communication is mailed in the manner provided above within the tithe prescribed, it is duly given, whether or not the addressee receives it.

Notices given by publication (where permitted by this Indenture) will be deemed given on the first day on which publication is made.

If the Issuer mail a notice or communication to Holders, they will mail a copy to the Trustee and each Agent at the same time.

Section 13.02 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Issuer, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 13.03 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee:

(a) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.04 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.04 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.04 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA § 314(a)(4)) must comply with the provisions of TIA § 314(e) and must include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.05 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.06 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No past, present or future director, manager, officer, employee, incorporator or stockholder of the Issuer, LPL Holdings, Inc., or any Guarantor or any of their parent companies will have any liability for any obligations of the Issuer, LPL Holdings, Inc., or the Guarantors under the Notes, the Guarantees and this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.07 *Governing Law.*

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE GUARANTEES.

Section 13.08 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.09 *Successors.*

All agreements of the Issuer in this Indenture and the Notes will bind their successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors.

Section 13.10 *Severability.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.11 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.12 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

SIGNATURES

Dated as of December 28, 2005

LPL HOLDINGS, INC.

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

WELLS FARGO BANK, NA., as Trustee

By: _____
Name: Lynn M. Steiner
Title: Vice President

GUARANTORS:

BD INVESTMENT HOLDINGS INC.

By: _____
Name:
Title:

GLENOAK, LLC

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

INDEPENDENT ADVISERS GROUP CORPORATION

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

LINSCO/PRIVATE LEDGER INSURANCE ASSOCIATES, INC.

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Vice President

Signature Page to Indenture

SIGNATURES

Dated as of December 28, 2005

LPL HOLDINGS, INC.

By: _____
Name:
Title:

WELLS FARGO BANK, NA., as Trustee

By: /s/ Lynn M. Steiner
Name: Lynn M. Steiner
Title: Vice President

GUARANTORS:

BD INVESTMENT HOLDINGS INC.

By: _____
Name:
Title:

GLENOAK, LLC

By: _____
Name:
Title:

INDEPENDENT ADVISERS GROUP CORPORATION

By: _____
Name:
Title:

SIGNATURES

Dated as of December 28, 2005

LPL HOLDINGS, INC.

By: _____
Name:
Title:

WELLS FARGO BANK, NA., as Trustee

By: _____
Name: Lynn M. Steiner
Title: Vice President

GUARANTORS:

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen B. Thorpe
Name: Allen B. Thorpe
Title: President

GLENOAK, LLC

By: _____
Name:
Title:

INDEPENDENT ADVISERS GROUP CORPORATION

By: _____
Name:
Title:

LINSCO/PRIVATE LEDGER INSURANCE ASSOCIATES, INC.

By: _____
Name:
Title:

EXHIBIT AI

[Face of Note]

10.75% Senior Subordinated Notes due 2015

CUSIP No. 50212Y AA 2 $550,000,000
ISIN NO. US50212YAA29

LPL HOLDINGS, INC.

promises to pay to Cede & Co., or registered assigns,

the principal sum of FIVE HUNDRED AND FIFTY MILLION DOLLARS on December 15, 2015.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

Dated: _____ __, 200_

LPL HOLDINGS, INC.

By: _____
Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

WELLS FARGO BANK, N.A.
as Trustee

By: _____
Authorized Signatory

Dated: _____ __, 200_

[Back of Note)
10.75% Senior Subordinated Notes due 2015

THE NOTE EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (I) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO

SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR

VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) INTEREST. LPL Holdings, Inc., a Delaware corporation (the "Issuer"), promises to pay interest on the principal amount of this Note at 10,75% per annum from December 28, 2005 until maturity. The Issuer will pay interest, if any, semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be June 15, 2006. If, at any time prior to the first day on which the Initial Purchasers shall fail to own at least a majority in aggregate principal amount of the Notes then outstanding (exclusive of any Notes then held by the Issuer or any of its Affiliates), unless waived by the Initial Purchasers, a default in the payment when due of interest on, principal of, or premium, if any, on, the Notes or an Event of Default has occurred and is continuing, then in each case this Note will accrue interest at the stated interest rate on this Note plus the Default Interest Rate until such time as no such Default or such Event of Default shall be continuing (to the extent that the payment of such interest shall be legally enforceable). At any other time, any amounts payable under or in respect of this Note not paid when due will accrue interest at the stated interest rate on this Note plus the Default Interest Rate until such time as such overdue amounts are paid in full, including any interest thereon (to the extent that the payment of such interest shall be legally enforceable). Default Interest shall be payable in cash on demand. Interest will be computed on the basis of a 360-day year of twelve 30-day months and actual days elapsed.

(2) *METHOD OF PAYMENT*. The Issuer will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the June 1 or December I next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Issuer maintained for such purpose within or without the City and State of New York, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debt.

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(3) *PAYING AGENT AND REGISTRAR*. Initially, Wells Fargo Bank, N.A., the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE*. The Issuer issued the Notes under an Indenture dated as of December 28, 2005 (the "*Indenture*") among the Issuer, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the TIA. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured obligations of the Issuer. The Indenture limits the aggregate principal amount of Notes that may be issued thereunder to $550.0 million, except as provided in Section 2.07 thereof.

(5) OPTIONAL REDEMPTION.

(a) Except as set forth in subparagraph (b), (c) and (d) of this Paragraph 5, the Issuer will not have the option to redeem the Notes prior to December 15, 2009. From and after December 15, 2009, the Issuer may redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice by electronic transmission or first class mail, postage prepaid, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if during the twelve-month period beginning on December 15 of the years indicated below:

Year	Percentage
2009	105.375%
2010	103.583%

2011	101.792%
2012 and thereafter	100.000%

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 15, 2008, the Issuer may, at its option, redeem up to 40% of the original aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 110.750% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net proceeds of one or more common stock public Equity Offerings of the Issuer or any direct or indirect parent of the Issuer to the extent such proceeds are contributed to the Issuer; *provided* that at least 60% of the sum of the original aggregate principal amount of Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of each such Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and

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any such redemption or notice may, at their discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

(c) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 15, 2009, the Issuer may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice electronically transmitted or mailed by first class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption (the "*Redemption Date*"), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(d) Until the Disposition Date (unless otherwise consented by the GSMP Group), each redemption pursuant to this Section 3.07 shall relate to an aggregate principal amount of Notes of at least the lesser of (a) $5.0 million and (b) the remaining outstanding principal amount of the Notes.

(6) MANDATORY REDEMPTION.

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) REPURCHASE AT THE OPTION OF HOLDER.

(a) If there is a Change of Control, the Issuer will be required to make an offer (a "*Change of Control Offer*") to each Holder to purchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of each Holder's Notes at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount of Notes plus accrued and unpaid interest to the date of purchase, subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Issuer or a Restricted Subsidiary of the Issuer consummates any Asset Sales, within ten days of each date on which the aggregate amount of Excess Proceeds exceeds $25.0 million, the Issuer will commence an offer to all Holders of Notes and, if required by the terms of any *Pari Passu* Indebtedness, to the holders of such *Pari Passu* Indebtedness (other than with respect to Hedging Obligations) (an "*Asset Sale Offer*") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes and such *Pari Passu* Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general

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corporate purposes, unless prohibited by the Indenture. If the aggregate principal amount of Notes or the *Pari Passu* Indebtedness surrendered by such Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a *pro rata* basis with adjustments so that only Notes in multiples of $1,000 principal amount will be purchased based on the accreted value or principal amount of the Notes or such *Pari Passu* Indebtedness tendered. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuer prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "*Option of Holder Elect Purchase*" attached to the Notes.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be electronically transmitted or mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes. are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than $2,000 may be redeemed in part but only in whole multiples of 1,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *SUBORDINATION*. The indebtedness evidenced by this Note is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Debt, and this Note is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Note, by accepting the same, agrees to and shall be bound by such provisions.

(10) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder

to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(11) *PERSONS DEEMED OWNERS*. The registered Holder of a Note may be treated as its owner for all purposes.

(12) *AMENDMENT, SUPPLEMENT AND WAIVER*. Subject to certain exceptions, the Indenture or the Notes or the Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of then outstanding Notes voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class. Without the consent of any Holder of a Note, the Indenture or the Notes or the Guarantees may be amended or

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supplemented to cure any ambiguity, omission, mistake, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to comply with Section 5.01 of the Indenture, to provide for the assumption of the Issuer's or any Guarantors' obligations to the Holders, to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder, to add covenants for the benefit of the Holders or to sun ender any right or power conferred upon the Issuer, to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA, to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof. The Issuer shall have the right to replace, under certain circumstances described in the Indenture, a Non-Consenting Holder at 101% of aggregate principal amount of Notes held by such Non-Consenting Holder, plus all accrued and unpaid interest on such Notes to the date of the replacement.

(13) *DEFAULTS AND REMEDIES*. Events of Default include: (i) at any time prior to the first day on which the Initial Purchasers shall fail to own at least 50% in aggregate principal amount of the Notes then outstanding (disregarding any Notes then held by the Issuer or any of its Affiliates) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes issued under the Indenture; (ii) default for 30 days (or, until the Disposition Date (unless the GSMP Group consents to a longer period not to exceed 30 days), 5 days) or more in the payment when due of interest on or any other amount with respect to the Notes issued under the Indenture whether or not such payment is prohibited by the subordination provisions of the Indenture; (iii) failure by the Issuer to make a required Change of Control Offer; (iv) failure to comply with the provisions in the Indenture relating to mergers, consolidations and sales of all or substantially all assets, in each case of the Issuer; (v) failure by Holdings, the Issuer or any Restricted Subsidiary of the Issuer for 60 days after receipt of written notice given by the Trustee or the Holders of at least 35% in principal amount of the Notes then outstanding and issued under the Indenture to comply with its other agreements or the Notes; *provided* that, until the Disposition Date (unless the GSMP Group consents to a longer period not to exceed the grace periods provided in the foregoing clause (v), failure of Holdings, the Issuer or any Restricted Subsidiary of the Issuer to comply with their respective obligations (x) under Sections 4.07 through 4.13, inclusive, 4.18 through 4.20, inclusive, and Article 5 of the Indenture shall result in an Event of Default upon the occurrence of such failure and (y) under any other provision of the Indenture or the Notes (to the extent such failure does not otherwise constitute a Default under clauses (a), (b) or (c)(A)) shall result in an Event of Default after such failure continues for 30 days after receipt of written notice given by the Trustee or the GSMP Group; (vi) (x) default under certain other agreements relating to Senior Debt, which default either relates to a payment default at maturity or results in the acceleration of such Senior Debt prior to its express maturity or (y) default under certain other agreements relating to other Indebtedness, which default continues beyond its applicable grace period, and in each case when the Indebtedness so defaulted under these clauses (x) and (y) relate to an aggregate principal amount of $25.0 million or more; (vii) until the Disposition Date (unless waived by the GSMP Group), (a) failure by the Issuer for 30 days after receipt of written notice given by one or more Initial Purchasers to comply

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with any of the covenants and other agreements in the Mezzanine Purchase Agreement or (b) inaccuracy of any representation, warranty, certification or statement made by or on behalf of the Issuer pursuant to the Mezzanine Purchase Agreement on the date made and for at least 15 days thereafter; (viii) failure to pay certain final judgments for the payment of money in excess of $25.0 million that remain undischarged for a period of 60 days; (ix) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of its Subsidiaries that is a Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary; (x) except as permitted by the indenture, any Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect or any Guarantor or any Person acting on its behalf denies or disaffirms its obligations under such Guarantor's Guarantee; or (xi) Holdings shall cease at any time to own 100% of the Equity Interests of the Issuer. If any Event of Default occurs and is continuing, the Trustee or the. Holders of at least 35% in principal amount of the then outstanding Notes issued under the Indenture (*provided* that with respect to the Defaults applicable only until the Disposition Date, such percentage must include the GSMP Group) may declare the principal, premium, if any, interest and any other monetary obligations of all the then outstanding Notes issued under the Indenture to be due and payable immediately or if the Credit Agreement remains outstanding, upon the first to occur of an acceleration under the Credit Agreement and five Business Days after receipt by the Issuer and the Representative under the Credit Agreement of a notice of acceleration pursuant to the Indenture but only if such Event of Default is then continuing. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable without further action or notice. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture may direct the Trustee in its exercise of any trust or power. The Holders of a majority in aggregate principal amount of the then outstanding Notes issued under the Indenture by notice to the Trustee may, on behalf of the Holders of all of such Notes, waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest, premium, if any, or the principal of any such Note held by a non-consenting Holder; *provided* that Holders of a majority in aggregate principal amount of the then outstanding Notes issued under the Indenture may rescind an acceleration and its consequences. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer will deliver to the Trustee as soon as possible after any Officer has actual knowledge of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

(14) *TRUSTEE DEALINGS WITH THE ISSUER*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates, as if it were not the Trustee.

(15) *NO RECOURSE AGAINST OTHERS*. No past, present or future director, manager, officer, employee, incorporator or stockholder of the Issuer, LPL Holdings, Inc., or any Guarantor or any of their parent companies will have any liability for any obligations of

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the Issuer, LPL Holdings, Inc., or the Guarantors under the Notes, the Guarantees and the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(17) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(18) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(19) *GOVERNING LAW*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE GUARANTEES.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

The Issuer
One Beacon Street, 22nd Floor
Boston, Massachusetts 02108
Attention: Stephanie Brown
Fax: 617-556-2811

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____ &# 160;_____
(Insert assignee's legal name)

_____ & #160;_____ (Insert assignee's soc, sec. or tax I.D. no.

_____ 0;_____

_____ 0;_____

_____ & #160;_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ 0;_____ to transfer this Note on the books of the Issuer. The agent may substitute another to act for him,

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

o Section 4.10 o Section 4.15

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$ _____

Date: _____

Your
Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification
No.: _____

Signature
Guarantee*: _____

_____ 60;_____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE *

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or Increase}	Signature of authorized officer of Trustee or Custodian

* *This Schedule should be included only if the Note is issued in global form*

EXHIBIT A2

[Face of Regulation S Temporary Global Note]

10.75% Senior Subordinated Notes due 2015

CUSIP No. U5462T AA 1 0; $0.00

ISIN No. USU5462TAA17

LPL HOLDINGS, INC.

promises to pay to CEDE & CO. or registered asses,

the principal sum of ZERO DOLLARS on December 15, 2015.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

Dated: _____ __, 200_

LPL HOLDINGS, INC.

By: _____
Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory
Dated: _____ __, 200_

[Back of Regulation S Temporary Global Note]
10.75% Senior Subordinated Notes due 2015

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE NOTE EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933,.ÁS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO. AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4)

TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN

ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST.* INTEREST. LPL Holdings, Inc., a Delaware corporation (the "Issuer'), promises to pay interest on the principal amount of this Note at 10.75% per annum from December 28, 2005 until maturity. The Issuer will pay interest, if any, semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be June 15, 2006. If, at any time prior to the first day on which the Initial Purchasers shall fail to own at least a majority in aggregate principal amount of the Notes then outstanding (exclusive of any Notes then held by the Issuer or any of its Affiliates), unless waived by the Initial Purchasers, a default in the payment when due of interest on, principal of, or premium, if any, on, the Notes or an Event of Default has occurred and is continuing, then in each case this Note will accrue interest at the stated interest rate on this Note plus the Default Interest Rate until such time as no such Default or such Event of Default shall be continuing (to the extent that the payment of such interest shall be legally

enforceable). At any other time, any amounts payable under or in respect of this Note not paid when due will accrue interest at the stated interest rate on this Note plus the Default Interest Rate until such time as such overdue amounts are paid in full, including any interest thereon (to the extent that the payment of such interest shall be legally enforceable). Default Interest shall be payable in cash on demand. Interest will be computed on the basis of a 360-day year of twelve 30-day months and actual days elapsed.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

(2) *METHOD OF PAYMENT*. The Issuer will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the June 1 or December 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted

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interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Issuer maintained for such purpose within or without the City and State of New York, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debt.

(3) *PAYING AGENT AND REGISTRAR*. Initially, Wells Fargo Bank, N.A., the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE*. The Issuer issued the Notes under an Indenture dated as of December 28, 2005 (the "*Indenture*") among the Issuer, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the TIA. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured obligations of the Issuer. The Indenture limits the aggregate principal amount of Notes that may be issued thereunder to $550.0 million, except as provided in Section 2.07 thereof.

(5) OPTIONAL REDEMPTION.

(a) Except as set forth in subparagraph (b), (c) and (d) of this Paragraph 5, the Issuer will not have the option to redeem the Notes prior to December 15, 2009. From and after December 15, 2009, the Issuer may redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice by electronically transmit or first class mail, postage prepaid, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if during the twelve-month period beginning on December 15 of the years indicated below:

Year	Percentage
2009	105.375%
2010	103.583%
2011	101.792%
2012 and thereafter	100.000%

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 15, 2008, the Issuer may, at its option, redeem up to 40% of the original

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aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 110.750% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net proceeds of one or more common stock public Equity Offerings of the Issuer or any direct or indirect parent of the Issuer to the extent such proceeds are contributed to the issuer; *provided* that at least 50% of the sum of the original aggregate principal amount of Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of each such Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice may, at their discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering.

(c) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 15, 2009, the Issuer may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice electronically transmitted or mailed by first class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption (the "Redemption Date'), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(d) Until the Disposition Date (unless otherwise consented by the GSMP Group), each redemption pursuant to this Section 3.07 shall relate to an aggregate principal amount of Notes of at least the lesser of (a) $5.0 million and (b) the remaining outstanding principal amount of the Notes.

(6) MANDATORY REDEMPTION.

The Issuer is not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) REPURCHASE AT THE OPTION OF HOLDER.

(a) If there is a Change of Control, the Issuer will be required to make an offer (a "*Change of Control Offer*") to each Holder to purchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of each Holder's Notes at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount of Notes plus accrued and unpaid interest to the date of purchase, subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Issuer or a Restricted Subsidiary of the Issuer consummates any Asset Sales, within ten days of each date on which the aggregate amount of Excess Proceeds exceeds $25.0 million, the Issuer will commence an offer to all Holders of Notes and, if required by the terms of any *Pari Passu* Indebtedness, to the holders of such *Pari Passu* Indebtedness (other than with respect to Hedging Obligations) (an "*Asset Sale Offer*") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and such other *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof; plus accrued and unpaid interest to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate. amount of Notes and such *Pari Passu* Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, unless prohibited by the Indenture. If the aggregate principal amount of Notes or the *Pari Passu* Indebtedness surrendered by such Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes to be purchased on a *pro rata* basis with adjustments so that only Notes in multiple of $1,000 principal amount will be purchased based on the accreted value or principal amount of the Notes or such *Pari Passu* Indebtedness tendered. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuer prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "*Option of Holder to Elect Purchase*" attached to the Notes.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be electronically transmitted or mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than $2,000 may be redeemed in part but only in whole multiples of 1,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *SUBORDINATION*. The indebtedness evidenced by this Note is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Debt, and this Note is issued subject to the provisions of the Indenture with respect thereto, Each, Holder of this Note, by accepting the same, agrees to and shall be bound by such provisions.

(10) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day distribution compliance period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

(11) *PERSONS DEEMED OWNERS*. The registered Holder of a Note may be treated as its owner for all purposes.

(12) *AMENDMENT, SUPPLEMENT AND WAIVER*. Subject to certain exceptions, the Indenture or the Notes or the Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of then outstanding Notes voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Guarantees may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class. Without the consent of any Holder of a Note, the Indenture or the Notes or the Guarantees may be amended or supplemented to cure any ambiguity, omission, mistake, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to comply with Section 5.01 of the Indenture, to provide for the assumption of the Issuer's or any Guarantors' obligations to the Holders, to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Indenture of any such Holder, to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer, to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA, to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof.

(13) *DEFAULTS AND REMEDIES*. Events of Default include: (i) at any time prior to the first day on which the Initial Purchasers shall fail to own at least 50% in aggregate principal amount of the Notes then outstanding (disregarding any Notes then held by the Issuer or any of its Affiliates) default

in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes issued under the Indenture; (ii) default for 30 days (or, until the Disposition Date (unless the GSMP Group consents to a longer period not to exceed 30 days), 5 days) or more in the payment when due of interest on or any other amount with respect to the Notes issued under the Indenture whether or not such payment is prohibited by the subordination provisions of the Indenture; (iii) failure by the Issuer to make a required Change of Control Offer; (iv) failure to comply with the provisions in the Indenture relating to mergers, consolidations and sales of all or substantially all assets, in each case of the Issuer; (v) failure by Holdings, the Issuer or any Restricted Subsidiary of the

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Issuer for 60 days after receipt of written notice given by the Trustee or the Holders of at least 35% in principal amount of the Notes then outstanding and issued under the Indenture to comply with its other agreements or the Notes; *provided* that, until the Disposition Date (unless the GSMP Group consents to a longer period not to exceed the grace periods provided in the foregoing clause (v), failure of Holdings, the Issuer or any Restricted Subsidiary of the Issuer to comply with their respective obligations (x) under Sections 4.07 through 4.13, inclusive, 4.18 through 4.20, inclusive, and Article 5 of the Indenture shall result in an Event of Default upon the occurrence of such failure and (y) under any other provision of the Indenture or the Notes (to the extent such failure does not otherwise constitute a Default under clauses (a), (b) or (c)(A)) shall result in an Event of Default after such failure continues for 30 days after receipt of written notice given by the Trustee or the GSMP Group; (vi) (x) default under certain other agreements relating to Senior Debt, which default either relates to a payment default at maturity or results in the acceleration of such Senior Debt prior to its express maturity or (y) default under certain other agreements relating to other Indebtedness, which default continues beyond its applicable grace period, and in each case when the Indebtedness so defaulted under these clauses (x) and (y) relate to an aggregate principal amount of $25.0 million or more; (vii) until Disposition Date (unless waived by the GSMP Group), (a) failure by the Issuer for 30 days after receipt of written notice given by one or. more Initial Purchasers to comply with any of the covenants and other agreements in the Mezzanine Purchase Agreement or (b) inaccuracy of any representation, warranty, certification or statement made by or on behalf of the Issuer pursuant to the Mezzanine Purchase Agreement on the date made and for at least 15 days thereafter; (viii) failure to pay certain final judgments for the payment of money in excess of $25.0 million that remain undischarged for a period of 60 days; (ix) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of its Subsidiaries that is a Significant Subsidiary (or any group of Subsidiaries that together would constitute a Significant Subsidiary; (x) except as permitted by the Indenture, any Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect or any Guarantor or any Person acting on its behalf denies or disaffirms its obligations under such Guarantor's Guarantee; or (xi) Holdings shall cease at any time to own 100% of the Equity Interests of the Issuer. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 35% in principal amount of the then outstanding Notes issued under the Indenture (*provided* that with respect to the Defaults applicable only until the Disposition Date, such percentage must include the GSMP Group) may declare the principal, premium, if any, interest and any other monetary obligations of all the then outstanding Notes issued under the Indenture to be due and payable immediately or if the Credit Agreement remains outstanding, upon the first to occur of an acceleration under the Credit Agreement and five Business Days after receipt by the Issuer and the Representative under the Credit Agreement of a notice of acceleration pursuant to the Indenture but only if such Event of Default is then continuing. Notwithstanding the foregoing, in the case of an Event of Default arising front certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable without further action or notice. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture may direct the Trustee in its exercise of any trust or power. The Holders of a majority in aggregate principal amount of the then outstanding Notes issued under the Indenture by notice to the Trustee may, on behalf of the Holders of all of such Notes, waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest, premium, if any, or the principal of any such Note held by a non-consenting Holder; *provided* that Holders of a majority in aggregate principal amount of

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the then outstanding Notes issued under the Indenture may rescind an acceleration and its consequences. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer will deliver to the Trustee as soon as possible after any Officer has actual knowledge of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

(14) *TRUSTEE DEALINGS WITH THE ISSUER*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuer or its Affiliates, and may otherwise deal with the Issuer or its Affiliates, as if it were not the Trustee.

(15) *NO RECOURSE AGAINST OTHERS*. No past, present or future director, manager, officer, employee, incorporator or stockholder of the Issuer, LPL Holdings, Inc., or any Guarantor or any of their parent companies will have any liability for any obligations of the Issuer, LPL Holdings, Inc., or the Guarantors under the Notes, the Guarantees and the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(17) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(18) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(19) *GOVERNING LAW*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE GUARANTEES.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

The Issuer
One Beacon Street, 22nd Floor
Boston, Massachusetts 02108
Attention: Stephanie Brown
Fax: 617-556-2811

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee's legal name)

_____

(Insert assignee's soc. sec. or tax I.D. no.

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Issuer. The agent may substitute another to act for him,

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

o Section 4.10 o Section 4.15

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE REGULATION S TEMPORARY GLOBAL NOTE

The following exchanges of a part of this Regulation S Temporary Global Note for an interest in another Global Note, or exchanges of a part of another other Restricted Global Note for an interest in this Regulation S Temporary Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or Increase}	Signature of authorized officer of Trustee or Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

The Issuer
One Beacon Street, 22nd Floor
Boston, Massachusetts 02108
Attention: Stephanie Brown
Fax: 617-556-2811

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC N9303-120
Sixth Street & Marquette Avenue
Minneapolis, MN 55479

Re: 10.75 % Senior Notes due 2015

Reference is hereby made to the Indenture, dated as of December 28, 2005 (the "*Indenture*"), between the Issuer, a Delaware limited liability company (the "*Issuer*") and Wells Fargo Bank, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Transferor*") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $ in such Note[s] or interests (the "*Transfer*"), to (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

1. o **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A**. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. o **Check if Transferee will take delivery of a beneficial interest in the Regulation S Temporary Global Note, the Regulation S Permanent Global Note or a Restricted Definitive Note pursuant to Regulation S**. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser).Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Permanent Global Note, the Regulation S Temporary Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. o **Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S**. The Transfer is being effected in compliance with the transfer

restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) ☐ such Transfer is being effected to the Issuer or a subsidiary thereof;

or

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) ☐ such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than $250,000, an Opinion of Counsel provided by the

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Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Restricted Definitive Notes and in the Indenture and the Securities Act.

4. o **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note**.

(a) o **Check if Transfer is pursuant to Rule 144**. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Nate will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) o **Check if Transfer is Pursuant to Regulation S**. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities Laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) o **Check if Transfer is Pursuant to Other Exemption**. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted. Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) □ a beneficial interest in the:

(i) o 144A Global Note (CUSIP), or

(ii) o Regulation S Global Note (CUSIP), or

(iii) o IAI Global Note (CUSIP); or

(b) o a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) o a beneficial interest in the:

(i) o 144A Global Note (CUSIP), or

(ii) o Regulation S Global Note (CUSIP), or

(iii) o IAI Global Note (CUSIP); or

(iv) o Unrestricted Global Note (CUSIP); or.

(b) □ a Restricted Definitive Note; or

(c) □ an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

The Issuer
One Beacon Street, 22nd Floor
Boston, Massachusetts 02108
Attention: Stephanie Brown
Fax: 617-556-2811

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC N9303-120
Sixth Street & Marquette Avenue
Minneapolis, MN 55479

Re: 10.75% Senior Notes due 2015

(CUSIP)

Reference is hereby made to the Indenture, dated as of December 28, 2005 (the "*Indenture*"), between the Issuer, a Delaware limited liability company (the "`*Issuer*") and Wells Fargo Bank, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Owner*") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $ in such Note[s] or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. **Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note**

(a) o **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "*Securities Act*"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) o **Cheek if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby

certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) o **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note**. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the. Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required. in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) o **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note**. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement. Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. **Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes**

(a) o **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) o **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note**. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] "144A Global Note, "Regulation S Global Note," IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the

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Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

The Issuer
One Beacon Street, 22nd Floor
Boston, Massachusetts 02108
Attention: Stephanie Brown
Fax: 617-556-2811

Wells Fargo Bank, N.A.
Corporate Trust Services
MAC N9303-120
Sixth Street & Marquette Avenue
Minneapolis, MN 55479
Re: 10.75% Senior Notes due 2015

Reference is hereby made to the Indenture, dated as of December 28, 2005 (the "*Indenture*"),between the Issuer, a Delaware limited liability company (the "*Issuer*") and Wells Fargo Bank, NA., as trustee. Capitalized tours used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $ aggregate principal amount of:

(a) o a beneficial interest in a Global Note, or

(b) o a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "*Securities Act*").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Issuer or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Issuer a signed letter substantially in the form of this letter and, if such transfer is in respect of a principal amount of Notes, at the time of transfer of less than $250,000, an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such transfer is in compliance with the Securities Act,

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(D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Issuer such certifications, legal opinions and other information as you and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Issuer is entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

_____
[Insert Name of
Accredited Investor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT E

[FORM OF NOTATION OF GUARANTEE]

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of December 28, 2005 (the "*Indenture*") between the Issuer, a Delaware limited liability company (the "*Issuer*"), the Guarantors party thereto and Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), (a) the due and

punctual payment of the principal of, premium, if any, and interest on, the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Issuer to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to this Guarantee and the indenture are expressly set forth in Section 4.15, Section 4.17 and Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of this Guarantee. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (e) appoints the Trustee attorney-in-fact of such Holder for such purpose.

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

[NAME OF GUARANTOR(S)]

By: _____
Name:
Title:

EXHIBIT F

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of , 20 , among (the "*Guaranteeing Subsidiary*"), the Issuer, a Delaware limited liability company (the "*Issuer*"), the other Guarantors (as defined in the Indenture referred to herein) and Wells Fargo Bank, N.A., as trustee under the Indenture referred to below (the "*Trustee*").

WITNESSETH

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of December 28, 2005 providing for the issuance of 10.75% Senior Subordinated Notes due 2015 (the "*Notes*");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Guarantee*"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

(a) CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(b) AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Guarantee and in the Indenture including but not limited to Section 4.16, Section 4.17 and Article 11 thereof.

(c) NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or any Guaranteeing Subsidiary under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

(d) NEW YORK LAW TO GOVERN. THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

(e) COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed. copy shall be an original, but all of them together represent the same agreement.

(f) EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

(g) THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuer.

FIRST SUPPLEMENTAL INDENTURE

FIRST SUPPLEMENTAL INDENTURE, dated as of May 10, 2006 (this "Supplemental Indenture"), among LPL Holdings, Inc., a Massachusetts corporation (the "Company"), BD Investment Holdings Inc., a Delaware corporation ("Holdings"), the other Guarantors party to the Indenture (as defined below) and Wells Fargo Bank, N.A., as trustee ("Trustee"). Capitalized terms, unless otherwise defined herein, shall have the same meanings as in the Indenture.

W I T N E S S E T H:

WHEREAS, the Company, the Guarantors and the Trustee have previously become parties to an Indenture, dated as of December 28, 2005 (as amended, supplemented or otherwise modified from time to time, the "Indenture"), providing for the issuance of the Company's 10¾% Senior Subordinated Notes due 2015 (the "Securities");

WHEREAS, the Securities are redeemable at the option of the Company beginning December 15, 2009, at a purchase price of 105.375% of the principal amount thereof, plus accrued and unpaid interest, reducing ratably on an annual basis to a purchase price of 100.000% of the principal amount thereof, plus accrued and unpaid interest on December 15, 2012;

WHEREAS, prior to December 15, 2009, the Securities are redeemable at the option of the Company at a purchase price equal to 100.000% of the principal amount thereof, plus the "Applicable Premium," which is intended to provide securityholders with a "make-whole" premium equal to the present value of interest payments payable prior through the fourth anniversary of the Issue Date (which occurs shortly after the December 15, 2009 optional redemption date described above), computed using a discount rate equal to the Treasury Rate (as defined in the Indenture) plus 50 basis points; and

WHEREAS, the definition of "Applicable Premium" erroneously calculates the make-whole premium to include interest payments through the fifth anniversary of the Issue Date (as defined in the Indenture), rather than the fourth anniversary of the Issue Date;

WHEREAS, Section 9.01 of the Indenture provides that "the Issuer, any Guarantor (with respect to a Guarantee or this Indenture to which it is a party) and the Trustee may amend or supplement this Indenture or the Notes or the Guarantees without the consent of any Holder of Note: (a) to cure any ambiguity, omission, mistake, defect or inconsistency;"

NOW, THEREFORE, in consideration of the foregoing, and in accordance with Section 9.01(a) of the Indenture, in order to correct the definition of "Applicable Premium," the Company and the Guarantors agree with the Trustee as follows:

ARTICLE I

AMENDMENT OF THE INDENTURE

Amendment of Section 1.01.

(a) The definition of "Applicable Premium" in Section 1.01 of the Indenture is amended and restated as follows:

"*Applicable Premium*" means, with respect to any Note on any Redemption Date: (a) the present value at such Redemption Date of (i) the redemption price of the Note as of the fourth anniversary of the Issue Date (such redemption price being set forth in the table appearing in Section 3.07 hereof), plus (ii) all required interest payments due on the Note through the fourth anniversary of the Issue Date (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate (applied semi-annually) equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over (b) the principal amount of the Note, if greater; provided that in no event shall the Applicable Premium shall be less than "0". Determinations required to be made hereunder shall be made by the Issuer in good faith."

ARTICLE II

THE TRUSTEE

SECTION 2.1. Privileges and Immunities of Trustee. The Trustee accepts the amendment of the Indenture and the Securities affected by this Supplemental Indenture but only upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture as hereby amended. The Trustee shall not be responsible for the adequacy or sufficiency of this Supplemental Indenture, for the due execution thereof by the Company and the Guarantors or for the recitals contained herein, which are the Company's and the Guarantors' responsibilities.

ARTICLE III

MISCELLANEOUS PROVISIONS

SECTION 3.1. Notices. All notices and other communications to a Guarantor shall be given as provided in the Indenture to the Guarantor, at its address set forth below, with a copy to the Company as provided in the Indenture for notices to the Company.

SECTION 3.2. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the

Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

SECTION 3.3. Governing Law. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 3.4. Severability Clause. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 3.5. Ratification of Indenture; Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

SECTION 3.6. Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

SECTION 3.7. Headings. The headings of the Articles and the sections in this Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties have caused this Supplemental Indenture to be duly executed all as of the date and year first written above.

SIGNATURES

LPL HOLDINGS, INC.

By: /s/ Mark S. Casady
Name:Mark S. Casady
Title: President

WELLS FARGO BANK, N.A., as Trustee

By: /s/ Lynn M. Steiner
Name: Lynn M. Steiner
Title: Vice President

GUARANTORS:

BD INVESTMENT HOLDINGS INC.

By: /s/ Mark S. Casady
Name:Mark S. Casady
Title: President

GLENOAK, LLC

By: /s/ Stephanie Brown
Name:Stephanie Brown
Title: Vice President

INDEPENDENT ADVISERS GROUP CORPORATION

By: /s/ Stephanie Brown
Name:Stephanie Brown
Title: Secretary

LINSCO/PRIVATE LEDGER INSURANCE ASSOCIATES, INC.

By: /s/ Stephanie Brown
Name:Stephanie Brown
Title: Vice President

LPL INVESTMENT HOLDINGS INC.
(f/k/a "BD INVESTMENT HOLDINGS INC.")

Form of Stock Bonus Agreement

Under the Fourth Amended and Restated 2000 Stock Bonus Plan

This AGREEMENT, dated as of _____, is between LPL Investment Holdings Inc. (f/k/a "BD Investment Holdings Inc."), a Delaware corporation ("Parent"), and {_____}, Rep. #(___) (the "Registered Representative").

WHEREAS, the Board of Directors of LPL Holdings, Inc., a Massachusetts corporation (the "Company") has determined that under the Fourth Amended and Restated 2000 Stock Bonus Plan (as amended, modified or supplemented from time to time, the "Plan"), the terms of which are incorporated herein by reference, a Triggering Company Sale (as defined in the Plan) occurred on December 28, 2005;

WHEREAS, in connection with the Triggering Company Sale, Parent has assumed all of the Company's obligations under, and adopted for itself, the Plan and, as a result of such assumption and adoption, all references to (x) "the Company" in the Plan shall be deemed to refer to "Parent" and (y) all references to "Common Stock" in the Plan shall be deemed to refer to "common stock, par value $0.01, per share, of Parent; and

WHEREAS, the Registered Representative is eligible to receive Bonus Credits pursuant to the Plan; and

WHEREAS, as a condition precedent *to the* issuance of the Bonus Credits to the Registered Representative, the Registered Representative must enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the parties hereto hereby agree as follows:

1. Issuance of Bonus Credits.

This Agreement evidences the issuance by Parent to the Registered Representative of {_____} Bonus Credits on the terms provided herein and in the Plan. Any capitalized term used and not otherwise defined herein shall have the meaning ascribed to it in the Plan.

2. Vesting of Bonus Credits; Payment of Common Stock.

(a) Vesting of Bonus Credits

(i) If at any time after the date of this Agreement and before the third annual anniversary of the Triggering Company Sale, Parent (or any of subsidiaries (including LPL)) or the Registered Representative terminates the Registered Representative Agreement, then, except as otherwise provided in Section 2(a)(ii) or (iii) below, any

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"invested Bonus Credits held by the Registered Representative shall be immediately forfeited to Parent. One-third of the aggregate number of Bonus Credits evidenced by this Agreement shall vest on each of the first, second and third annual anniversary of the closing of the Triggering Company Sale, subject to the Registered Representative's continued service and Section 2(a)(ii) and (iii) below.

(ii) If a Registered Representative dies at any time on or before the third annual anniversary of the Triggering Company Sale, all unvested Bonus Credits held by the Registered Representative immediately prior to his or her death shall become vested Bonus Credits and shall become property of such Registered Representative's estate, notwithstanding the terms of clause (i) of this Section 2(a); provided, however, that such Bonus Credits shall remain subject to the Bonus Agreement.

(iii) If a Registered Representative retires from the securities industry at the age of 65 or older and, in connection with such retirement, Parent or such Registered Representative terminates the Registered Representative Agreement between Parent (or its affiliates) and such Registered Representative on or before the third annual anniversary of the Triggering Company Sale, all unvested Bonus Credits held by the Registered Representative immediately prior to his or her retirement shall become vested Bonus Credits, notwithstanding the terms of clause (i) of this Section 2(a); provided, however, that such Bonus Credits shall remain subject to the Bonus Agreement. If, at any time prior to the occurrence of a Liquidity Event (as defined in Section 2(b)), the Registered Representative ceases to remain retired from the securities industry and conducts any broker-dealer or investment advisory activities for any fee, commission or other consideration without Parent's consent, any Bonus Credits that vested as a result of this clause (iii) of this Section 2(a) shall be immediately forfeited to Parent.

(iv) Parent or its subsidiaries may terminate a Registered Representative Agreement for any reason specified in the Registered Representative Agreement.

(b) Payment of Common Stock. Promptly upon the earlier of (i) immediately prior to a Company Sale (occurring after the date of this Agreement) that also constitutes a change in control event under Section 409A of the Internal Revenue Code of 1986, as amended, or the regulations thereunder ("Section 409A") or (ii) immediately following the earlier of (A) 180 days following an IPO or (B) if required to avoid the imposition of tax under Section 409A, two and one-half months after the close of Parent's tax year (for federal income tax purposes) in which the IPO occurs (either of the events in clause (i) or (ii), a "Liquidity Event"), allocated Bonus Credits that are vested shall automatically convert into a like number of shares of Common Stock ("Bonus Shares"), subject to adjustment pursuant to Section 11 of the Plan. Following a Liquidity Event, Bonus Credits that are not vested (and have not previously been forfeited) at the time of such Liquidity Event shall convert to Bonus Shares upon vesting.

3. Nontransferability of Bonus Credits.

The Bonus Credits shall not be assignable or otherwise transferable by the Registered Representative without the prior written consent of the Board, which may be granted or withheld at the sole discretion of the Board. Notwithstanding the foregoing, in the event of the Registered

Representative's death, all rights under this Agreement and the Plan in respect of Bonus Credits held by the Registered Representative immediately prior to his or her death shall pass by will or by the laws of descent and distribution as the case may be. Any heir or legatee of the Registered Representative shall take rights herein granted subject to the terms and conditions hereof.

4. Investment Representations.

Prior to the delivery of Bonus Shares, the Board may require the Registered Representative to give written assurances in substance and form satisfactory to the Board to the effect that the Registered Representative is acquiring the Bonus Shares for such person's own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as Parent deems necessary, appropriate or desirable in order to comply with federal and applicable state securities laws, or with covenants or representations made by Parent in connection with any public offering of its capital stock.

In addition, the Registered Representative represents, warrants and covenants as follows:

(a) The Registered Representative is acquiring the Bonus Credits for his or her own account for investment only, and not with a view to, or for sale in connection with, any distribution of the Registered Representative in violation of the Securities Act of 1933, as amended, or any rule or regulation under the Securities Act.

(b) The Registered Representative has had such opportunity as he or she has deemed adequate to obtain from representatives of Parent and its subsidiary, LPL, such information as is necessary to permit him to evaluate the merits and risks of his or her investment in Parent.

(c) The Registered Representative has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the acquisition of the bonus Credits and to make an informed investment decision with respect to such investment.

5. No Employment Status.

Nothing contained in the Plan or in this Agreement or other agreement or instrument executed in connection with the Plan shall confer upon the Registered Representative the status as an employee of LPL or Parent or interfere in any way with the right of LPL at any time to terminate the Registered Representative Agreement.

6. No Rights as Shareholder.

Unless and until Bonus Shares are issued to the Registered Representative, the Registered Representative shall have no rights as a shareholder with respect to any shares to be issued under the Plan (including, without limitation, any voting rights, the right to inspect or receive Parent's balance sheets or financial statements or any rights to receive dividends or non-cash distributions with respect to such shares).

7. Notices.

Any notice hereunder shall be in writing and shall be deemed to have been duly given when mailed by first class mail, or delivered by hand, (i) if to Parent, to its principal executive office, attention: President with a copy to the General Counsel; and (ii) if to the Registered Representative, to the address of the Registered Representative listed in the record books of Parent and its subsidiary, LPL.

8. Restrictive Legends.

Certificates representing Bonus Shares (if issued) may have affixed thereto legends in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

> "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement under such Act or an opinion of counsel satisfactory to the corporation to the effect that such registration is not required."

9. Effectiveness; Provisions of the Plan.

This Agreement shall become effective upon the execution hereof by Parent and the Registered Representative and is subject to the provisions of the Plan (as amended, modified or supplemented from time to time in accordance therewith), a copy of which is furnished to the Registered Representative herewith.

10. Severability.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

11. Entire Agreement.

This Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement by and between Parent and the Registered Representative.

12. Governing Law.

Notwithstanding Section 22(b) of the Plan, this Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

13. Taxes.

Parent and the Registered Representative acknowledge and agree that Parent shall not exercise general supervision or control over the time, place or manner in which the Registered

Representative provides services to Parent and its Affiliates, and that in performing such services the Registered Representative shall be acting and shall act at all times as an independent contractor only and not as an employee, agent, partner or joint venturer of or with Parent. Accordingly, Registered Representative acknowledges that he is solely responsible for the payment of all Federal, state, local and other taxes that are required by applicable laws or regulations to be paid with respect to the amounts payable hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

LPL INVESTMENT HOLDINGS INC.

BY: _____
Name: Mark S. Casady
Title: Chairman

REGISTERED REPRESENTATIVE

BY: _____
Name: REP #{_____}
Title:

CONFIDENTIAL

FOURTH AMENDED AND RESTATED 2000 STOCK BONUS PLAN

LPL INVESTMENT HOLDINGS INC.
(f/k/a "BD INVESTMENT HOLDINGS INC.")
amended and restated effective as of January 17, 2006

1. Purpose. The purpose of this 2000 Stock Bonus Plan (the "Plan") of LPL Investment Holdings Inc. (f/k/a "BD Investment Holdings Inc.") (the "Company") is to reward the most successful and loyal independent contracted agents (the "Registered Representatives") of Linsco/Private Ledger Corp. ("LPL"), a wholly-owned subsidiary of the Company, by providing the Registered Representatives with an interest in shares of the Company's Common Stock (as defined in Section 2 below) following the sale of LPL Holdings Inc. ("LPL Holdings"). The 2000 Stock Bonus Plan as originally adopted by LPL Holdings (and prior to the Company's assumption thereof) provided for the issuance to Registered Representatives of shares of Common Stock only in connection with an initial public offering of Common Stock to be underwritten on a firm commitment basis by a nationally recognized investment banking firm pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission ("IPO"). This Plan was amended and restated in 2005 to provide for the issuance to Registered Representatives after the closing of the sale of LPL Holdings (the "Triggering Company Sale") of Bonus Credits (as defined in Section 4 below) that are convertible into shares of Common Stock. This amendment and restatement provides far technical conforming changes to the Plan in light of the Company's assumption of the Plan from LPL Holdings in connection with the Triggering Company Sale.

2. Type of Stock. For purposes of the Plan, all references to "Common Stock" shall mean the common stock, par value $0.01, of the Company.

3. Administration. The Board of Directors of the Company (the "Board"), or any committee the Board may designate, shall have plenary authority to administer the Plan, including without limitation, the determination of the allocation of Bonus Credits. All decisions made by the Board or designated committee pursuant to the Plan shall be final and conclusive. The Board or designated committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any agreement related hereto in the manner and to the extent it shall deem appropriate to carry the same into effect. No director or person acting pursuant to authority delegated by the Board shall be liable for any action or determination under the Plan made in good faith.

4. Eligibility. Registered Representatives who held their securities licenses with LPL on December 31, 2005 shall be eligible Registered Representatives ("Eligible Registered Representatives"). Eligible Registered Representatives whose sales and service fees, in the

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aggregate, represent not less than the top 50% of gross commissions and advisory services fees (as defined in LPL's standard Registered Representative Agreement as that agreement may be in effect from time to time) generated by all Eligible Registered Representatives in the aggregate during the Award Year (as defined in Section 5 below) are eligible, at the discretion of the Board, to receive bonus credits (the "Bonus Credits") (expressed as rights to receive Common Stock) subject to the terms and conditions of the Plan. Unless otherwise directed by the Board, the Company shall not issue to any Eligible Registered Representative any certificate or other documentation representing the Bonus Credits. Notwithstanding the above, at the discretion of the Board, LPL branch office managers who have entered into Branch Office Manager Agreements with LPL may be deemed to be Registered Representatives and the Gross Revenues of the individuals in each branch office (other than the Gross Revenues of any other Registered Representative in such branch office who is a Qualifier (as defined in Section 6 below)) shall be aggregated for the account of the LPL branch office manager for such office for purposes of the Plan.

5. Award Year. The "Award Year" shall be the approximately 52 week period (as represented by 24 commission cycles) immediately prior to, and ending on, September 30, 2005.

6. Qualification Requirements For Participation in the Plan. In order for an Eligible Registered Representative to qualify to receive Bonus Credits, the gross commission plus total advisory fees,12b-l fees paid on mutual funds and trailing fees paid on other financial products ("Gross Revenues") of the Eligible Registered Representative produced during the Award Year must rank within the top 50% of LPL's Gross Revenues produced during the Award Year when every Eligible Registered Representative's Gross Revenues are listed in descending order of productivity by amount. If deemed necessary and appropriate by the Board, the Company shall estimate trailing fees and any such estimate, to the extent relied upon by the Board, shall be binding for purposes of the Plan and the determinations hereunder. Starting with the top producer, the Company shall add each Eligible Registered Representative's Gross Revenues going down the list until the sum represents at least 50% of total Gross Revenues during the Award Year. Each Eligible Registered Representative whose Gross Revenues are counted to arrive at the 50% total (a "Qualifier") shall be eligible to receive Bonus Credits and participate in the Plan. Gross Revenues to be counted toward qualifying for receipt of Bonus Credits shall be those which were processed by LPL's commission accounting system during the Award Year.

7. Allocation of Bonus Credits. The total number of available Bonus Credits shall be divided into three buckets, with each bucket having a different allocation formula for the Registered Representatives who are Qualifiers. Tabulation of Gross Revenues and Recurring Fees (as defined in Section 7(b) below) is subject to the characterization of revenues provided to LPL's commission accounting department by the product sponsors during the Award Year. The three buckets, which shall comprise 100% of the Bonus Credits, are as follows:

(a) The Gross Revenue Bucket shall account for 50% of the total Bonus Credits and be allocated on the basis of each Qualifier's Gross Revenues. Each Qualifier's allocation of the Gross Revenue Bucket shall be determined by the following allocation formula: *the number of Bonus Credits in the Gross Revenue Bucket multiplied by an amount equal to the quotient of the Qualifier's Gross Revenues divided by the total Grass Revenues of all Qualifiers.*

(b) The Recurring Fees Bucket shall account for 25% of the total Bonus Credits and be allocated on the basis of each Qualifier's total advisory fees, 12b-1 fees paid on mutual funds and trailing fees paid on other financial products ("Recurring Fees"). Each Qualifies allocation of the Recurring Fees Bucket shall be determined by the following allocation formula: *the number of Bonus Credits in the Recurring Fees Bucket multiplied by an amount equal to the quotient of Qualifier's Recurring Fees divided by the Total Recurring Fees of all Qualifiers.*

(c) The Tenure Bucket shall account for 25% of the total Bonus Credits and be allocated only to Qualifiers who have been registered with LPL for at least five years as of September 30, 2005 (the "Tenured Qualifiers"). Each Tenured Qualifier's allocation of the Tenure Bucket shall be determined by the following allocation formula: *the number of Bonus Credits in the Tenure Bucket multiplied by an amount equal to the quotient of the Tenured Qualifier's Gross Revenues divided by the total Gross Revenues of all Tenured Qualifiers.*

8. Form of Agreement. Each Qualifier who elects to participate in the Plan shall be required to sign a stock bonus agreement (the "Bonus Agreement"), in such form as may be approved by the Board, incorporating among other things the terms of Section 13 below (with such modifications and changes as the Board may from time to time approve). Each Bonus Agreement shall become effective upon execution by the Company and the Qualifier.

9. Conversion of Bonus Credits. Upon the earlier of (i) immediately prior to a sale of all or substantially all of the business or assets of LPL Holdings or the Company that occurs after December 31, 2005 that also constitutes a change in control event under Section 409A of the Internal Revenue Code of 1986, as amended, or the regulations thereunder ("Section 409A"), or (ii) on the earlier of (A) 180 days following an IPO or (B) if required to avoid the imposition of tax under Section 409A, two and one-half months after the close of the calendar year in which an IPO occurs (either of the events in clause (i) or (ii), a ("Liquidity Event"), allocated Bonus Credits that are vested shall automatically convert into a like number of shares of Common Stock ("Bonus Shares"), subject to Section 11 below. Bonus Credits that are not vested at the time of a Liquidity Event shall convert to Bonus Shares upon vesting.

10. Stock Subject to the Plan. A total of 771,693 shares of Common Stock are reserved and available for grants under the Plan. The Board, in its sole discretion, may make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under the Plan.

11. Adjustments. The Board shall make or provide for a fair and proportionate adjustment in the number, price and kind of Common Stock underlying the Bonus Credits in order to maintain the proportional interests of the Qualifiers and preserve the value of the Bonus Credits granted hereunder in the event of any merger, reorganization, stock split or stock dividend following the date of this amendment and restatement. Neither fractional shares nor cash in lieu thereof shall be issued on account of any such adjustments.

12. Transferability. The Bonus Credits shall not be assignable or otherwise transferable by the Qualifier without the prior written consent of the Board, which may be granted or withheld at the sole discretion of the Board. Bonus Credits and Bonus Shares shall be

subject to the restrictions set forth herein and in the Bonus Agreement and any restrictions imposed under federal or state securities law.

13. Termination and Forfeiture of Bonus Credits. If at any time after the allocation of Bonus Credits to a Qualifier and before the third annual anniversary of the Triggering Company Sale, either LPL or the Qualifier terminates the Representative Agreement, then, except as otherwise provided below on in an applicable Bonus Agreement approved by the Board, any unvested Bonus Credits held by the Qualifier shall be immediately forfeited to the Company. One third of the aggregate number of Bonus Credits of each Qualifier shall vest on each of the first, second and third annual anniversary of the closing of the Triggering Company Sale.

(a) *Termination by Death of Qualifier*. If a Qualifier dies at any time on or before the third annual anniversary of the Triggering Company Sale, all unvested Bonus Credits held by the Qualifier immediately prior to his or her death shall become vested Bonus Credits and shall become property of such Qualifier's estate, notwithstanding the terms of the first paragraph of this Section 13; provided, however, that such Bonus Credits shall remain subject to the Bonus Agreement.

(b) *Termination by LPL*. LPL may terminate a Representative Agreement for any reason specified in the Representative Agreement.

14. Reallocation of Forfeited Bonus Credits. In January of each year beginning in January 2007 and ending in January 2010, the Company may allocate to Registered Representatives a number of Bonus Credits equal to the number of Bonus Credits, if any, that are forfeited in accordance with the Plan in the previous calendar year. Any Registered Representative with Gross Revenues for the one-year period ending on the previous September 30 that equal or exceed the Gross Revenues of any Qualifier for the one-year period ended September 30, 2005 shall be eligible to receive Bonus Credits under this Section 14. The Board will determine the number of Bonus Credits, if any, to be allocated to each Registered Representative eligible under this Section 14 and may base such allocation on any methodology deemed reasonable by the Board in its discretion. One third of any such Bonus Credits so allocated shall vest on each of the first, second and third annual anniversary of the date of grant and be subject to the provisions of the Plan.

15. Term. The Plan shall automatically terminate upon the first to occur of (a) the tenth anniversary of the effective date of the Plan or (b) termination by the Board pursuant to Section 16 below.

16. Amendment, Alteration, or Termination. The Board may amend, alter or terminate the Plan in its sole discretion. Reasons for amendments or alterations may include, but are not limited to, changes in accounting rules, tax laws or securities regulations which govern the Plan or impact its economics. If the Plan is amended, altered or terminated, neither Bonus Credits nor Bonus Shares outstanding as of the date of such amendment, alteration or termination shall be materially and adversely affected or impaired.

17. Effective Date of Plan. The Plan, as amended and restated, shall be effective as of January 17, 2006.

18. Investment Representations. The Board may require any person to whom Bonus Credits or Bonus Shares are issued to give written assurances in substance and form satisfactory to the Board to the effect that such person is acquiring the same for such person's own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary, appropriate or desirable in order to comply with federal and applicable state securities laws, or with covenants or representations made by the Company in connection with any public offering of its capital stock.

19. No Employment Status. Nothing contained in the Plan or in the Bonus Agreement or other agreement or instrument executed pursuant to the provisions of the Plan shall confer upon any Registered Representative the status as an employee of LPL or the Company or interfere in any way with the right of LPL at any time to terminate the Representative.

20. No Special Registered Representative Status. Nothing contained in the Plan or in the Bonus Agreement or other agreement or instrument executed, pursuant to the provisions of the Plan shall confer upon any Registered Representative the status as registered representative licensed with LPL or the Company.

21. No Rights as Shareholder. Unless and until Bonus Shares are issued to a Qualifier, the Qualifier shall have no rights as a shareholder with respect to any shares to be issued under the Plan (including, without limitation, any voting rights, the right to inspect or receive the Company's balance sheets or financial statements or any rights to receive dividends or non-cash distributions with respect to such shares).

22. General Provisions.

(a) Nothing contained in the Plan shall prevent LPL or the Company from adopting other or additional compensation arrangements for LPL's Registered Representatives, and LPL's and the Company's employees, officers and directors.

(b) The Plan and all actions taken hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without reference to principles of conflict of laws.

LPL Investment Holdings Inc.

Approved by the Board of Directors on June 30, 2006, effective as of January 17, 2006

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of December 29, 2006

among

LPL INVESTMENT HOLDINGS INC.,
as Holdings,

LPL HOLDINGS, INC.,
as Borrower,

The Several Lenders
from Time to Time Parties Hereto,

GOLDMAN SACHS CREDIT PARTNERS L.P.,
as Sole Lead Arranger, Sole Bookrunner and Syndication Agent,

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent,

and

MORGAN STANLEY & CO.,
as Collateral Agent

$ 894,375,000 Senior Secured Credit Facilities

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AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 29, 2006, among **LPL INVESTMENT HOLDINGS INC.**, a Delaware corporation ("Holdings"), **LPL HOLDINGS, INC.**, a Massachusetts corporation (the "Borrower"), the lending institutions from time to time parties hereto (each a "Lender" and, collectively, the "Lenders"), **GOLDMAN SACHS CREDIT PARTNERS L.P.** ("GSCP"), as Sole Lead Arranger and Sole Bookrunner, and Syndication Agent, **MORGAN STANLEY SENIOR FUNDING, INC.** ("MSSF"), as Administrative Agent, and **MORGAN STANLEY & CO.** ("MS"), as Collateral Agent.

RECITALS:

WHEREAS, capitalized terms used in these Recitals and the preamble to this Agreement shall have the respective meanings set forth for such terms in Section 1.1 hereof;

WHEREAS, Holdings, the Borrower, the lending institutions party thereto (the "Original Lenders"), GSCP, as joint lead arranger, joint bookrunner and syndication agent, MSSF, as joint lead arranger, joint bookrunner and administrative agent, MS, as collateral agent, and Bear Stearns Corporate Lending Inc., as documentation agent, are parties to that certain Credit Agreement, dated as of December 28, 2005 (as heretofore amended, supplemented or otherwise modified from time to time, the "Original Credit Agreement"), pursuant to which the Original Lenders extended or committed to extend certain credit facilities to the Borrower;

WHEREAS, the Obligations (as defined in the Original Credit Agreement, hereinafter the "Original Obligations") of the Borrower and the other Credit Parties under the Original Credit Agreement and the other Credit Documents (as defined in the Original Credit Agreement, hereinafter the "Original Credit Documents") are secured by the Collateral (as defined in the Original Credit Agreement, hereinafter the "Original Collateral") and are guaranteed or supported or otherwise benefited by the Original Credit Documents;

WHEREAS, immediately prior to the Effective Date, term loans in the aggregate principal amount of $744,375,000 were outstanding under the Original Credit Agreement (the "Original Term Loans"); and

WHEREAS, the Borrower desires to amend and restate the Original Credit Agreement in its entirety to, among other things, provide for (a) new senior secured term loans to the Borrower in an aggregate principal amount of $794,375,000, which shall be used to repay in full the Original Term Loans, any accrued but unpaid interest thereon and any other amounts owing under the Original Credit Agreement in respect of the Original Term Loans, and pay fees and expenses in connection herewith and therewith (the "Refinancing") and to pay a portion of the consideration for the UVEST Acquisition and (b) certain other amendments to the Original Credit Agreement to be made; and

WHEREAS, the Borrower has requested that the Original Lenders amend and restate the Original Credit Agreement, in its entirety, and that the Lenders make available the Tranche C Term Loans and other extensions of credit to the Borrower, in each case, as set forth in this Agreement; and

WHEREAS, the parties hereto intend that (a) the Original Obligations which remain unpaid and outstanding as of the Effective Date shall continue to exist under this Agreement on the terms set forth herein and (b) the Original Collateral shall continue to secure, support and otherwise benefit the Original Obligations as well as the other Obligations of the Credit Parties under this Agreement and the other Credit Documents hereunder; and

WHEREAS, the Lenders are willing to provide the Tranche C Term Loans and other extensions of credit, and the Original Lenders are willing to amend and restate the Original Credit Agreement, in each case, subject to the terms and conditions of this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Definitions

1.1 Defined Terms. (a) As used herein, the following terms shall have the meanings specified in this Section 1.1 unless the context otherwise requires (it being understood that defined terms in this Agreement shall include in the singular number the plural and in the plural the singular):

"ABR" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Loan" shall mean each Loan bearing interest at the rate provided in Section 2.8 and, in any event, shall include all Swingline Loans.

"Acceptable Reinvestment Commitment" shall mean a binding commitment of the Borrower or any Restricted Subsidiary entered into at any time prior to the end of the Reinvestment Period to reinvest proceeds of an Asset Sale Prepayment Event, Permitted Sale Leaseback or Recovery Prepayment Event; provided, that such reinvestment is made within 180 days after the date on which such commitment is entered into by the Borrower or such Restricted Subsidiary.

"Acquired EBITDA" shall mean, with respect to any Acquired Entity or Business, any Converted Restricted Subsidiary, any Sold Entity or Business or any Converted Unrestricted Subsidiary (any of the foregoing, a "Pro Forma Entity") for any period, the amount for such period of Consolidated EBITDA of such Pro Forma Entity (determined using such definitions as if references to the Borrower and its Subsidiaries therein were to such Pro Forma Entity and its Subsidiaries), all as determined on a consolidated basis for such Pro Forma Entity in accordance with GAAP.

"Acquired Entity or Business" shall have the meaning provided in the definition of the term "Consolidated EBITDA".

"Acquisition" shall have the meaning provided in the Original Credit Agreement.

"Adjusted Total New Term Loan Commitment" shall mean, at any time with respect to New Term Loans of any Series, the Total New Term Loan Commitment for such Series less the aggregate New Term Loan Commitments for such Series of all Defaulting Lenders.

"Adjusted Total Revolving Credit Commitment" shall mean, at any time, the Total Revolving Credit Commitment less the aggregate Revolving Credit Commitments of all Defaulting Lenders.

"Administrative Agent" shall mean MS, together with its affiliates and permitted successors in such capacity, as the administrative agent for the Lenders under this Agreement and the other Credit Documents.

"Administrative Agent's Office" shall mean the office of the Administrative Agent located at 1585 Broadway, New York, New York 10036, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such corporation or (b) to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Agents" shall mean the Arranger, the Administrative Agent, the Collateral Agent, and the Syndication Agent.

"Aggregate Customer Debits" shall have the meaning set forth in Rule 15c3-3 of the Exchange Act.

"Agreement" shall mean this Amended and Restated Credit Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and of the other Credit Documents.

"Applicable ABR Margin" shall mean, at any date, (a) with respect to the Tranche C Term Loans, (i) during any period in which an Applicable Margin Step-Down Event shall not exist, 1.75% per annum, and (ii) during any period in which an Applicable Margin Step-Down Event shall exist, 1.50% per annum, and (b) with respect to Revolving Credit Loans, Swingline Loans and Letters of Credit, 1.00% per annum.

"Applicable Eurodollar Margin" shall mean, at any date, (a) with respect to the Tranche C Term Loans, (i) during any period in which an Applicable Margin Step-Down Event

shall not exist, 2.75% per annum, and (ii) during any period in which an Applicable Margin Step-Down Event shall exist, 2.50% per annum, and (b) with respect to Revolving Credit Loans and Letters of Credit, 2.00% per annum.

"Applicable Margin Step-Down Event" shall mean, any date on which either (a) the Borrower's corporate family rating by Moody's is B1 or better or (b) the Consolidated Total Debt to Consolidated EBITDA Ratio is less than 4.50:1.00. Changes in the Applicable ABR Margin and the Applicable Eurodollar Margin resulting from, (i) changes in ratings from Moody's shall become effective on the date such rating shall have changed and (ii) changes in Consolidated Total Debt to Consolidated EBITDA Ratio shall become effective as of the first Business Day following the delivery of the Section 9.1 Financials.

"Applicable Laws" shall mean, as to any Person, any law, rule, regulation, ordinance or treaty, or any determination, ruling or other directive by or from a court, arbitrator, self-regulatory body or other Governmental Authority, in each case applicable to or binding on such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

"Applicable Margin" shall mean the Applicable ABR Margin or the Applicable Eurodollar Margin, as applicable.

"Approved Fund" shall have the meaning provided in Section 13.6(b).

"Arranger" shall mean GSCP, together with its affiliates, as sole lead arranger and sole bookrunners for the Tranche C Term Loan Facility.

"Asset Sale Prepayment Event" shall mean any sale, transfer or other disposition (or series of related sales, transfers or dispositions) of any business unit, asset or property of the Borrower or any Restricted Subsidiary (including any sale, transfer or other disposition of any Capital Stock of any Subsidiary of the Borrower owned by the Borrower or any Restricted Subsidiary); provided, that the term "Asset Sale Prepayment Event" shall not include (a) any Recovery Event or (b) any sale, transfer or other disposition permitted under clauses (a), (b), (d)(i), (e), (f) and (h) of Section 10.4.

"Assignment and Acceptance" shall mean an assignment and acceptance substantially in the form of Exhibit A.

"Authorized Officer" shall mean the Chairman of the Board, the President, the Chief Financial Officer, the Treasurer or any other senior officer of the Borrower designated as such in writing to the Administrative Agent by the Borrower.

"Available Amount" shall mean, on any date (the "Reference Date"), an amount equal at such time to (a) the sum of, without duplication:

(i) an amount (which amount shall not be less than zero) equal to (x) the cumulative amount of Excess Cash Flow for all full fiscal years completed after the Closing Date (commencing with the fiscal year ending December 31, 2006) and prior to the Reference Date minus (y) the portion of such Excess Cash Flow that has been after

the Closing Date and on or prior to the Reference Date (or will be) applied to the prepayment of Loans in accordance with Section 5.2(a)(ii);

(ii) the amount of any capital contributions or other equity issuances (other than the Equity Contributions, issuances of Permitted Cure Securities or any other capital contribution or equity issuance to the extent utilized in connection with other transactions permitted pursuant to Section 10.5 or 10.6) made or received by Holdings or the Borrower during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date;

(iii) to the extent not already included in the calculation of Consolidated Net Income, the aggregate amount of all cash dividends and other cash distributions received by Holdings, the Borrower or any Restricted Subsidiary from any Minority Investments or Unrestricted Subsidiaries after the Closing Date and on or prior to the Reference Date (other than the portion of any such dividends and other distributions that is used by Holdings, the Borrower or any Guarantor to pay taxes); and

(iv) to the extent not already included in the calculation of Consolidated Net Income, the aggregate amount of all cash repayments of principal received by Holdings, the Borrower or any Restricted Subsidiary from any Minority Investments or Unrestricted Subsidiaries after the Closing Date and on or prior to the Reference Date in respect of loans made by Holdings, the Borrower or any Restricted Subsidiary to such Minority Investments or Unrestricted Subsidiaries;

minus (b) the sum of:

(i) the aggregate amount of any Investments made by Holdings, the Borrower or any Restricted Subsidiary pursuant to Section 10.5(j)(ii), 10.5(t)(ii), 10.5(u)(ii) or 10.5(aa)(y) after the Closing Date and on or prior to the Reference Date; and

(ii) the aggregate amount of prepayments, repurchases and redemptions made by Holdings, the Borrower or any Restricted Subsidiary pursuant to clause (i)(y) of the proviso to Section 10.7(a) and clause (i)(y) of the proviso to Section 10.7(b) after the Closing Date and on or prior to the Reference Date.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" shall have the meaning provided in the preamble to this Agreement.

"Borrowing" shall mean and include (a) the incurrence of Swingline Loans from the Swingline Lender on a given date, (b) the incurrence of one Type of Tranche C Term Loan on the Effective Date (or resulting from conversions on a given date after the Effective Date) having, in the case of Eurodollar Term Loans, the same Interest Period (provided that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of Eurodollar Term Loans), (c) the incurrence of one Type of New Term Loan on the applicable Increased Amount Date (or resulting from conversions on a given date after the applicable Increased Amount Date) having, in the case of Eurodollar Term Loans, the same Interest Period

(provided that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of Eurodollar Term Loans) and (d) the incurrence of one Type of Revolving Credit Loan on a given date (or resulting from conversions on a given date) having, in the case of Eurodollar Revolving Credit Loans, the same Interest Period (provided that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of Eurodollar Revolving Credit Loans).

"Broker-Dealer Capital Requirement" shall mean, as of any date of determination, the greater of (a) $40,000,000 and (b) 15% of Aggregate Customer Debits on such date.

"Broker-Dealer Regulated Subsidiary" shall mean the Subsidiary of the Borrower that is registered as a broker-dealer under the Exchange Act or any other Applicable Law requiring such registration.

"Broker-Dealer Required Cash" shall mean, as of any date of determination, the greater of (a) the difference of (i) all cash and cash equivalents (including Segregated Cash) on the balance sheet of the Broker-Dealer Regulated Subsidiary as of such date less (ii) all Indebtedness on the balance sheet of the Broker-Dealer Regulated Subsidiary as of such date, other than (A) Indebtedness under Margin Lines of Credit and (B) other Indebtedness that has been approved as regulatory capital for computation of Net Capital (as defined in Rule 15c3-1 of the Exchange Act) less (iii) the Broker-Dealer Surplus Capital of the Broker-Dealer Regulated Subsidiary as of such date and (b) Calculated Segregated Cash as of such date.

"Broker-Dealer Surplus Capital" shall mean, as of any date of determination, the difference of (a) the Net Capital (as defined in Rule 15c3-1 of the Exchange Act) of the Broker-Dealer Regulated Subsidiary as of such date and (b) the Broker-Dealer Capital Requirement as of such date.

"Business Day" shall mean any day excluding Saturday, Sunday and any day that shall be in The City of New York or San Diego, California a legal holiday or a day on which banking institutions are authorized by law or other governmental actions to close.

"Calculated Segregated Cash" shall mean, as of any date of determination, all cash and "qualified" cash equivalents required to be segregated as calculated as of such date under Rule 15c3-3 of the Exchange Act.

"Capital Expenditures" shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under Capital Leases, but excluding any amount representing capitalized interest) by the Borrower and the Restricted Subsidiaries during such period that, in conformity with GAAP, are or are required to be included as additions during such period to property, plant or equipment reflected in the consolidated balance sheet of the Borrower and its Subsidiaries; provided, that the term "Capital Expenditures" shall not include (a) expenditures made in connection with the replacement, substitution, restoration or repair of assets to the extent financed from insurance proceeds or compensation awards paid on account of a Recovery Event, (b) the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit

granted by the seller of such equipment for the equipment being traded in at such time, (c) the purchase of plant, property or equipment made within two years of the sale of any asset to the extent purchased with the proceeds of such sale, (d) expenditures that constitute any part of Consolidated Lease Expense or (e) any expenditures deemed to be made as part of a Permitted Acquisition.

"Capital Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or is required to be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Capitalized Lease Obligations" shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"Change of Control" shall mean and be deemed to have occurred if (a) at any time prior to the consummation of an IPO, the Permitted Investors fail to own at least 50% of the Voting Stock of Holdings; (b) at any time after the consummation of an IPO, a "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such Person and its Subsidiaries, and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), excluding the Permitted Investors, shall become the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under such Act), directly or indirectly, of 35% or more of the Voting Stock of Holdings, unless the Permitted Investors own Voting Stock of Holdings representing a greater percentage; (c) Holdings shall cease to beneficially own and control 100% of the Voting Stock of the Borrower; (d) the Borrower shall cease to beneficially own and control at least 100% of the Voting Stock of Linsco/Private Ledger Corp.; (e) the board of directors of Holdings shall cease to consist of a majority of Continuing Directors; or (f) any "change of control" (as defined in the Senior Unsecured Subordinated Note Indenture) shall occur.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Credit Loans, Tranche C Term Loans, New Term Loans or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Tranche C Term Loan Commitment, a New Term Loan Commitment, a Revolving Credit Commitment or a Swingline Commitment.

"Closing Date" shall mean December 28, 2005, the date of the initial credit event under the Original Credit Agreement.

"Closing Date Indebtedness" shall mean Indebtedness described on Schedule 10.1.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the

Code are to the Code, as in effect at the date of this Agreement, and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall have the meaning provided in the Security Agreement, the Pledge Agreement or any Mortgage, as applicable.

"Collateral Agent" shall mean Morgan Stanley & Co., together with its affiliates and permitted successors in such capacity, as the collateral agent for the Secured Parties.

"Commitment" shall mean, with respect to each Lender, such Lender's Tranche C Term Loan Commitment, New Term Loan Commitment, Revolving Credit Commitment, or Swingline Commitment.

"Confidential Information" shall have the meaning provided in Section 13.16.

"Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Borrower dated December 2005, delivered to the Lenders in connection with this Agreement.

"Consolidated Earnings" shall mean, for any period, "income (loss) before the deduction of income and franchise taxes" of the Borrower and the Restricted Subsidiaries, excluding (a) extraordinary items for such period, determined in a manner consistent with the manner in which such amount was determined in accordance with the audited financial statements referred to in Section 9.1(a) and (b) the cumulative effect of a change in accounting principles or policies during such period, whether effected through a cumulative effect adjustment or a retroactive application, in each case in accordance with GAAP.

"Consolidated EBITDA" shall mean, for any period:

(a) the sum, without duplication, of the amounts for such period of (x) Consolidated Earnings and (y) to the extent already deducted in arriving at Consolidated Earnings:

(i) Consolidated Interest Expense;

(ii) depreciation expense;

(iii) amortization expense, including the amortization of deferred financing fees;

(iv) extraordinary losses and unusual or non-recurring charges, severance, relocation costs and curtailment or modification to pension and post-retirement employee benefit plans (including any writeoffs, writedowns or other non-cash charges reducing Consolidated Earnings for such period, but excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period or amortization of a prepaid cash item that was paid in a prior period);

(v) losses on asset sales;

(vi) restructuring charges, accruals or reserves (excluding any non-cash item to the extent that it represents an accrual or reserve for potential cash items in any future period or amortization of a prepaid cash item that was paid in a prior period), including any one-time costs incurred in connection with acquisitions after the Closing Date;

(vii) [Reserved];

(viii) any expenses or charges (including any commissions, discounts and other fees or charges) incurred in connection with any issuance of debt or equity securities, any refinancing transaction or any amendment or other modification of any debt instrument (whether or not successful);

(ix) any fees and expenses related to Permitted Acquisitions, dispositions, recapitalizations, Investments or asset sales;

(x) any deduction for minority interest expense;

(xi) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Sponsors (including any amortization thereof), to the extent permitted by Section 10.6(d);

(xii) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142-"Goodwill and Other Intangible Assets" or Financial Accounting Standards Board Statement No. 144-"Accounting for the Impairment or Disposal of Long-Lived Assets" and the amortization of intangibles arising pursuant to Financial Accounting Standards Board Statement No. 141-"Business Combinations";

(xiii) any costs or expenses incurred by Holding, the Borrower or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of Holdings or the Borrower or net cash proceeds of an issuance of Capital Stock of Holdings or the Borrower;

(xiv) any losses from the early extinguishment of Indebtedness or Hedging Agreements or other derivative instruments; and

(xv) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights to officers, directors or employees;

less (b) the sum of the amounts for such period of:

(i) extraordinary gains;

(ii) non-cash gains (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period)

increasing Consolidated Earnings for such period, other than the accrual of revenues in the ordinary course of business;

(iii) any gains from the early extinguishment of Indebtedness or Hedging Agreements or other derivative instruments; and

(iv) gains on asset sales;

all as determined on a consolidated basis for the Borrower and the Restricted Subsidiaries in accordance with GAAP; provided, that (A) except as provided in clause (C) below, there shall be excluded from Consolidated Earnings for any period the income from continuing operations before income and franchise taxes and extraordinary items of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Earnings, except to the extent actually received in cash by the Borrower or the Restricted Subsidiaries during such period through dividends or other distributions, (B) there shall be excluded in determining Consolidated EBITDA non-operating currency transaction gains and losses and (C) (x) there shall be included in determining Consolidated EBITDA for any period (1) the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) acquired to the extent not subsequently sold, transferred or otherwise disposed of (but not including the Acquired EBITDA of any related Person, property, business or assets to the extent not so acquired) by the Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset acquired, including pursuant to the UVEST Acquisition, and not subsequently so disposed of, an "Acquired Entity or Business"), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a "Converted Restricted Subsidiary"), in each case based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) and (2) for the purposes of the definition of the term "Permitted Acquisition" and Sections 10.1(j), 10.1(k), 10.3, 10.9 and 10.10, an adjustment in respect of each Acquired Entity or Business equal to the amount of the Pro Forma Adjustment with respect to such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition or conversion) as specified in the Pro Forma Adjustment Certificate delivered to the Administrative Agent and (y) for purposes of determining the Consolidated Total Debt to Consolidated EBITDA Ratio only, there shall be excluded in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of by the Borrower or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold, transferred or otherwise disposed of, a "Sold Entity or Business"), and the Acquired EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a "Converted Unrestricted Subsidiary"), in each case based on the actual Acquired EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion).

"Consolidated EBITDA Growth Factor" shall mean, as of any date of determination, a fraction, (a) the numerator of which is the difference (only if positive) between the Consolidated EBITDA of the Borrower and its Restricted Subsidiaries (i) for the last Test Period prior to such determination date for which Section 9.1 Financials have been delivered

pursuant to Section 9.1, and (ii) for the fiscal year of the Borrower ending December 31, 2005, and (b) the denominator of which is $188,917,000.

"Consolidated EBITDA to Consolidated Interest Expense Ratio" shall mean, as of any date of determination, the ratio of (a) Consolidated EBITDA for the relevant Test Period to (b) Consolidated Interest Expense for such Test Period.

"Consolidated Interest Expense" shall mean, for any period, the cash interest expense (including that attributable to Capital Leases in accordance with GAAP), net of cash interest income to the extent not included in the calculation of Consolidated EBITDA, of the Borrower and the Restricted Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of the Borrower and the Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Interest Rate

Hedging Agreements, but excluding, however, amortization of deferred financing costs and any other amounts of non-cash interest, all as calculated on a consolidated basis in accordance with GAAP, and excluding, for the avoidance of doubt, any interest in respect of items excluded from Indebtedness in the proviso to the definition thereof, any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Statement No. 133, any one-time cash costs associated with breakage costs in respect of Interest Rate Hedging Agreements and any interest expense in respect of Indebtedness outstanding under any Margin Lines of Credit or Warehouse Lines of Credit; provided, that (a) except as provided in clause (b) below, there shall be excluded from Consolidated Interest Expense for any period the cash interest expense (or income) of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Interest Expense, (b) for purposes of the definition of the term "Permitted Acquisition" and Sections 10.1(j), 10.1(k), 10.3, 10.9 and 10.10, there shall be included in determining Consolidated Interest Expense for any period the cash interest expense (or income) of any Acquired Entity or Business acquired during such period and of any Converted Restricted Subsidiary converted during such period, in each case based on the cash interest expense (or income) relating to any Indebtedness incurred or assumed as part of an acquisition of an Acquired Entity or Business or as part of the conversion of a Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) assuming any Indebtedness incurred or repaid in connection with any such acquisition or conversion had been incurred or repaid on the first day of such period and (c) for purposes of the definition of the term "Permitted Acquisition" and Sections 10.1(j), 10.1(k), 10.3, 10.9 and 10.10, there shall be excluded from determining Consolidated Interest Expense for any period the cash interest expense (or income) of any Sold Entity or Business disposed of during such period and of any Converted Unrestricted Subsidiary converted during such period, in each case, based on the cash interest expense (or income) relating to any Indebtedness relieved or repaid in connection with any such disposition of such Sold Entity or Business or as part of the conversion of a Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such disposal or conversion) assuming such debt relieved or repaid in connection with such disposition or conversion had been relieved or repaid on the first day of such period.

"Consolidated Lease Expense" shall mean, for any period, all rental expenses of the Borrower and the Restricted Subsidiaries during such period under operating leases for real

or personal property (including in connection with Permitted Sale Leasebacks), excluding real estate taxes, insurance costs and common area maintenance charges and net of sublease income, other than (a) obligations under vehicle leases entered into in the ordinary course of business, (b) all such rental expenses associated with assets acquired pursuant to a Permitted Acquisition to the extent that such rental expenses relate to operating leases in effect at the time of (and immediately prior to) such acquisition and (c) Capitalized Lease Obligations, all as determined on a consolidated basis in accordance with GAAP; provided, that there shall be excluded from Consolidated Lease Expense for any period the rental expenses of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Lease Expense.

"Consolidated Net Income" shall mean, for any period, the consolidated net income (or loss) after the deduction of income taxes of the Borrower and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Total Assets" shall mean, as of any date of determination, the total amount of all assets of the Borrower and the Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP as of such date.

"Consolidated Total Debt" shall mean, as of any date of determination, (a) the sum of (i) all indebtedness of the Borrower and the Restricted Subsidiaries for borrowed money outstanding on such date and (ii) all Capitalized Lease Obligations of the Borrower and the Restricted Subsidiaries outstanding on such date, all calculated on a consolidated basis in accordance with GAAP minus (b) the sum of (i) the aggregate amount of cash and cash equivalents included in the cash accounts listed on the consolidated balance sheet of the Borrower and the Restricted Subsidiaries as at such date plus (ii) all Segregated Cash as at such date, to the extent that such sum exceeds the amount of Required Cash and to the extent the use thereof for application to the payment of Indebtedness is not otherwise prohibited by law or any contract to which the Borrower or any of the Restricted Subsidiaries is a party minus (c) all Indebtedness of the Borrower and the Restricted Subsidiaries outstanding under any Margin Lines of Credit or Warehouse Lines of Credit on such date.

"Consolidated Total Debt to Consolidated EBITDA Ratio" shall mean, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the relevant Test Period to (b) Consolidated EBITDA for such Test Period.

"Consolidated Total Net Tangible Assets" shall mean, as of any date of determination, the total amount of (i) all Consolidated Total Assets of the Borrower and the Restricted Subsidiaries less (ii) the stated balance sheet "goodwill" of the Borrower and the Restricted Subsidiaries and less (iii) the stated balance sheet "intangible assets" of the Borrower and the Restricted Subsidiaries, in each case determined on a consolidated basis in accordance with GAAP as of such date.

"Continuing Lender" shall mean each Original Lender that has delivered a Lender Consent Letter agreeing to convert all or a portion of the Original Term Loans made by such Lender to Tranche C Term Loans.

"Continuing Manager" shall mean, at any date, an individual (a) who is a member of the Board of Directors of Holdings on the Closing Date, (b) who, as at such date, has been a member of such Board of Directors of Holdings for at least the 12 preceding months, (c) who has been nominated to be a member of such Board of Directors of Holdings, directly or indirectly, by one or more Permitted Investors or Persons nominated by one or more Permitted Investors or (d) who has been nominated to be a member of such Board of Directors of Holdings by a majority of the other Continuing Managers then in office.

"Contract Consideration" shall have the meaning provided in the definition of "Excess Cash Flow".

"Converted Restricted Subsidiary" shall have the meaning provided in the definition of the term "Consolidated EBITDA".

"Converted Unrestricted Subsidiary" shall have the meaning provided in the definition of the term "Consolidated EBITDA".

"Credit Documents" shall mean this Agreement, the Guarantee, the Security Documents, the Engagement Letter and each Letter of Credit and any promissory notes issued by the Borrower hereunder.

"Credit Event" shall mean and include the making (but not the conversion or continuation) of a Loan and the issuance of a Letter of Credit.

"Credit Facility" shall mean any of the Tranche C Term Loan Facility, any New Term Loan Facility or the Revolving Credit Facility, as applicable.

"Credit Party" shall mean each of the Borrower, Holdings, the other Guarantors and each other Subsidiary of the Borrower that is a party to a Credit Document.

"Cumulative Consolidated Net Income Available to Stockholders" shall mean, as of any date of determination, (i) Consolidated Net Income plus (ii) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142-"Goodwill and Other Intangible Assets" or Financial Accounting Standards Board Statement No. 144-"Accounting for the Impairment or Disposal of Long-Lived Assets" and the amortization of intangibles arising pursuant to Financial Accounting Standards Board Statement No. 141-"Business Combinations" less (iii) cash dividends paid or distributions made by Holdings with respect to its Capital Stock for the period (taken as one accounting period) commencing on the Closing Date and ending on the last day of the most recent fiscal quarter for which Section 9.1 Financials have been delivered under Section 9.1.

"Cure Amount" shall have the meaning provided in Section 11.14(a).

"Cure Right" shall have the meaning provided in Section 11.14(a).

"Currency Hedging Agreement" shall mean any swap, cap, collar, forward future, option or similar agreement or derivative transaction entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business and not for speculative purposes in order

to protect the Borrower or such Restricted Subsidiary against fluctuations in currency exchange rates.

"Current Interest Period" shall have the meaning provided in Section 2.3(g).

"Debt Incurrence Prepayment Event" shall mean any issuance or incurrence by the Borrower or any of the Restricted Subsidiaries of any Indebtedness (including any issuance by the Borrower of Permitted Additional Notes), excluding any Indebtedness permitted to be issued or incurred under Section 10.1 (other than clause (i)(ii) thereof).

"Default" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Lender" shall mean any Lender with respect to which a Lender Default is in effect.

"Dividends" shall have the meaning provided in Section 10.6.

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiary" shall mean each Subsidiary of the Borrower that is organized under the laws of the United States, any state or territory thereof, or the District of Columbia.

"Drawing" shall have the meaning provided in Section 3.4(b).

"Effective Date" shall mean the date upon which the conditions set forth in Section 6 are satisfied.

"Engagement Letter" shall mean that certain Repricing Engagement Letter dated as of December 1, 2006 between the Borrower and GSCP.

"Environmental Claims" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations (other than internal reports prepared by the Borrower or any of its Subsidiaries (a) in the ordinary course of such Person's business or (b) as required in connection with a financing transaction or an acquisition or disposition of real estate) or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereinafter, "Claims"), including (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code and rule of common law now or hereafter in effect

and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the environment, human health or safety or Hazardous Materials.

"Equity Contributions" shall have the meaning provided in the Original Credit Agreement.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. Section references to ERISA are to ERISA as in effect at the date of this Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean each person (as defined in Section 3(9) of ERISA) that together with the Borrower or a Subsidiary thereof would be deemed to be a "single employer" within the meaning of Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"Eurodollar Loan" shall mean any Eurodollar Term Loan or Eurodollar Revolving Credit Loan.

"Eurodollar Rate" shall mean, in the case of any Eurodollar Loan, with respect to each day during each Interest Period pertaining to such Eurodollar Loan, (a) the rate of interest determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 a.m. (London time) two Business Days prior to the beginning of such Interest Period multiplied by (b) the Statutory Reserve Rate. In the event that any such rate does not appear on the applicable Page of the Telerate Service (or otherwise on such service), the "Eurodollar Rate" for the purposes of this paragraph shall be determined by reference to such other publicly available service for displaying Eurodollar rates as may be agreed upon by the Administrative Agent and the Borrower or, in the absence of such agreement, the "Eurodollar Rate" for the purposes of this paragraph shall instead be the rate per annum notified to the Administrative Agent by the Reference Lender as the rate at which the Reference Lender is offered Dollar deposits at or about 11:00 a.m. (London time) two Business Days prior to the beginning of such Interest Period in the interbank Eurodollar market where the Eurodollar and foreign currency and exchange operations in respect of its Eurodollar Loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Eurodollar Loan to be outstanding during such Interest Period.

"Eurodollar New Term Loan" shall mean any New Term Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Revolving Credit Loan" shall mean any Revolving Credit Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Term Loan" shall mean any Eurodollar Tranche C Term Loan or Eurodollar New Term Loan, as applicable.

"Eurodollar Tranche C Term Loan" shall mean any Tranche C Term Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

"Event of Default" shall have the meaning provided in Section 11.

"Excess Cash Flow" shall mean, for any period, an amount equal to the excess of (a) the sum, without duplication, of:

(i) Consolidated Net Income for such period;

(ii) an amount equal to the amount of all after-tax non-cash expenses and losses to the extent deducted in arriving at such Consolidated Net Income;

(iii) decreases in Net Working Capital for such period (other than decreases arising from Permitted Acquisitions or sales, leases, transfers or other dispositions of assets by the Borrower or any of its Restricted Subsidiaries during such period);

(iv) an amount equal to the aggregate net after-tax non-cash loss on the sale, lease, transfer or other disposition of assets by the Borrower and the Restricted Subsidiaries during such period (other than sales, leases, transfers or other dispositions in the ordinary course of business) to the extent deducted in arriving at such Consolidated Net Income; and

(v) the amount of tax expense deducted in determining Consolidated Net Income for such period to the extent it exceeds the amount of cash taxes paid in such period;

over (b) the sum, without duplication, of:

(i) an amount equal to the amount of all after-tax non-cash gains included in arriving at such Consolidated Net Income;

(ii) without duplication of amounts deducted pursuant to clause (xii) below in such period, the aggregate amount actually paid by the Borrower and the Restricted Subsidiaries in cash during such period on account of Capital Expenditures (excluding the principal amount of Indebtedness incurred in connection with such Capital Expenditures, whether incurred in such period or in a subsequent period);

(iii) the aggregate amount of all prepayments of Revolving Credit Loans and Swingline Loans made during such period to the extent accompanying reductions of the Total Revolving Credit Commitment except to the extent financed with the proceeds of other Indebtedness of the Borrower or the Restricted Subsidiaries;

(iv) the aggregate amount of all principal payments of Indebtedness of the Borrower or the Restricted Subsidiaries (including any Term Loans and the principal component of payments in respect of Capitalized Lease Obligations, but excluding Revolving Credit Loans, Swingline Loans and voluntary prepayments of Term Loans pursuant to Section 5.1) made during such period (other than in respect of any revolving

credit facility to the extent there is not an equivalent permanent reduction in commitments thereunder) except to the extent financed with the proceeds of other Indebtedness of the Borrower or the Restricted Subsidiaries;

(v) an amount equal to the aggregate net after-tax non-cash gain on the sale, lease, transfer or other disposition of assets by the Borrower and the Restricted Subsidiaries during such period (other than sales, leases, transfers or other dispositions in the ordinary course of business) to the extent included in arriving at such Consolidated Net Income;

(vi) increases in Net Working Capital for such period (other than increases arising from Permitted Acquisitions or sales, leases, transfers or other dispositions of assets by the Borrower or any of its Restricted Subsidiaries during such period);

(vii) the amount of dividends, distributions or repurchases paid or made during such period pursuant to clause (b), (c), (d), (e), or (f) of the proviso to Section 10.6 to the extent such dividends or distributions were (1) paid with the proceeds of any amount referred to in paragraph (a) of this definition and (2) financed with internally generated cash flow of the Borrower and the Restricted Subsidiaries;

(viii) the aggregate amount of expenditures actually made by the Borrower and the Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such period;

(ix) without duplication of amounts deducted pursuant to clause (xii) below in such period, the aggregate amount of cash consideration paid by the Borrower and its Restricted Subsidiaries during such period in connection with Permitted Acquisitions to the extent such Permitted Acquisitions were financed with internally generated cash flow of the Borrower and the Restricted Subsidiaries (excluding any such amounts funded through the utilization of the Available Amount);

(x) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by the Borrower and the Restricted Subsidiaries during such period that are required to be made in connection with any prepayment of Indebtedness;

(xi) the amount of cash taxes paid in such period to the extent they exceed the amount of tax expense deducted in determining Consolidated Net Income for such period; and

(xii) without duplication of amounts deducted from Excess Cash Flow in other periods, the aggregate consideration required to be paid in cash by the Borrower or any of the Restricted Subsidiaries pursuant to binding contracts (the "Contract Consideration") entered into prior to or during such period relating to Permitted Acquisitions or Capital Expenditures to be consummated or made during the period of four consecutive fiscal quarters of the Borrower following the end of such period, provided that to the extent the aggregate amount of internally generated cash actually utilized to finance such Permitted Acquisitions or Capital Expenditures during such period of four consecutive fiscal

quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of four consecutive fiscal quarters;

provided, that, in no event shall Excess Cash Flow exceed an amount equal to the difference of (a) all cash and cash equivalents (including Segregated Cash) on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries, as of the last day of such period, less (b) all Indebtedness on the balance sheet of the Regulated Subsidiaries as of such date, other than (A) Indebtedness under Margin Lines of Credit and under Warehouse Lines of Credit and (B) other Indebtedness that has been approved as regulatory capital for computation of Net Capital (as defined in Rule 15c3-1 of the Exchange Act) less (c) all Required Cash of all such Persons as of such date.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Subsidiary" shall mean (i) any Subsidiary of the Borrower (a) on the Closing Date, that is listed on Schedule 1.1(c) and (b) created or acquired after the Closing Date or otherwise becomes after such date, a regulated entity that is subject to net worth or net capital or similar capital and surplus restrictions under Applicable Laws or accounting policies or principles or that is otherwise restricted by Applicable Law from guaranteeing Indebtedness and/or granting security interests in its assets or property and (ii) any Immaterial Subsidiary.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the per annum rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding 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 the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fees" shall mean all amounts payable pursuant to, or referred to in, Section 4.1.

"Final Date" shall mean with respect to Revolving Credit Commitments and Letters of Credit, the date on which the Revolving Credit Commitments shall have terminated, no Revolving Credit Loans shall be outstanding and the Letters of Credit Outstanding shall have been reduced to zero.

"Financial Performance Covenants" shall mean the covenants of the Borrower set forth in Sections 10.9 and 10.10.

"Foreign Asset Sale" shall have the meaning provided in Section 5.2(h).

"Foreign Recovery Event" shall have the meaning provided in Section 5.2(h).

"Foreign Subsidiary" shall mean each Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Fronting Fee" shall have the meaning provided in Section 4.1(b).

"Funded Debt" shall mean all indebtedness of the Borrower and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of the Borrower or one of the Restricted Subsidiaries, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans.

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time; provided, however, that if there occurs after the date hereof any change in GAAP that affects in any respect the calculation of any covenant contained in Section 10, the Lenders and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenants in Section 10 shall be calculated as if no such change in GAAP has occurred.

"Governmental Authority" shall mean any nation or government, any state, province, territory or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GSCP" shall have the meaning provided in the preamble to this Agreement.

"Guarantee" shall mean the Guarantee, dated as of the Closing Date, among each Guarantor in favor of the Administrative Agent for the benefit of the Agents and the Lenders, substantially in the form of Exhibit B attached to the Original Credit Agreement, as the same has been or may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and of the other Credit Documents.

"Guarantee Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided, however, that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or disposition of assets permitted by this Agreement (other than

such obligations with respect to Indebtedness). The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Guarantors" shall mean (a) each of Holdings and each Domestic Subsidiary of Holdings (other than Borrower or any Excluded Subsidiary) on the Effective Date and (b) each Domestic Subsidiary (other than any Excluded Subsidiary, any Unrestricted Subsidiary or any direct or indirect Domestic Subsidiary of a Foreign Subsidiary) that becomes a party to the Guarantee after the Effective Date pursuant to Section 9.11.

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, which is prohibited, limited or regulated by any Environmental Law.

"Hedging Agreement" shall mean any Currency Hedging Agreement or Interest Rate Hedging Agreement, as applicable.

"Hedging Obligations" shall mean, with respect to any Person, the obligations of such Person under Hedging Agreements.

"Historical Financial Statements" shall mean, as of the Effective Date, (a) the audited financial statements of the Borrower and its Subsidiaries for the immediately preceding three fiscal years, and (b) to the extent reasonably available, the unaudited quarterly financial statements of the Borrower and its Subsidiaries for each fiscal quarter ended at least 45 days before the Effective Date and following the latest date for which audited financial statements are available, in each case consisting of balance sheets and the related consolidated statements of income, stockholders' equity and cash flows for such periods.

"Holdings" shall have the meaning provided in the preamble to this Agreement.

"HUD" shall mean the United States Department of Housing and Urban Development.

"HUD-Regulated Subsidiary" shall mean the Subsidiary of the Borrower that is a HUD-approved non-supervised mortgagee.

"HUD-Regulated Subsidiary Required Cash" shall mean, as of any date of determination, the greater of (a) $100,000 and (b) the difference of (i) all cash and cash equivalents on the balance sheet of the HUD-Regulated Subsidiary as of such date and (ii) the

Adjusted Net Worth (as referenced in 12 CFR Section 202.5(n)) of the HUD-Regulated Subsidiary as of such date above $500,000.

"Immaterial Subsidiary" shall mean each Subsidiary of the Borrower other than a Material Subsidiary.

"Increased Amount Date" shall have the meaning provided in Section 2.14(a).

"Indebtedness" of any Person shall mean (a) all indebtedness of such Person for borrowed money, (b) the deferred purchase price of assets or services that in accordance with GAAP would be included as liabilities in the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (d) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed, (e) all Capitalized Lease Obligations of such Person, (f) all obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements (including Hedging Agreements) and (g) without duplication, all Guarantee Obligations of such Person in respect of Indebtedness described in clauses (a) through (f); provided, that Indebtedness shall not include (i) trade payables and accrued expenses arising in the ordinary course of business, (ii) prepaid or deferred revenue arising in the ordinary course of business and (iii) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy warrants or other unperformed obligations of the seller of such asset.

"Interest Period" shall mean, with respect to any Term Loan or Revolving Credit Loan, the interest period applicable thereto, as determined pursuant to Section 2.9.

"Interest Rate Hedging Agreement" shall mean any swap, cap, collar, future, option or similar agreement entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business and not for speculative purposes in order to protect the Borrower or such Restricted Subsidiary against fluctuations in interest rates.

"Investment" shall have the meaning provided in Section 10.5.

"IPO" shall mean, with respect to any Person, a registered initial public offering of the Capital Stock of such Person (other than on Form S-8).

"Joinder Agreement" shall mean an agreement substantially in the form of Exhibit J-1 or J-2, as the case may be.

"Lender" shall have the meaning provided in the preamble to this Agreement.

"Lender Consent Letters" shall mean the lender consent letters authorizing the amendment and restatement of the Original Credit Agreement and in the case of Continuing Lenders, agreeing to convert all or a portion of the Original Term Loans needed by such Lender to Tranche C Term Loans.

"Lender Counterparty" shall mean each Agent or Lender or any Affiliate of an Agent or Lender that is a counterparty to a Hedging Agreement (including any Person who is an Agent or Lender (and any Affiliate thereof) as of the Closing Date but subsequently, whether before or after entering into a Hedging Agreement, ceases to be a Lender).

"Lender Default" shall mean (a) the failure (which has not been cured) of a Lender to make available its portion of any Borrowing or to fund its portion of any unreimbursed payment under Section 3.4 or (b) a Lender having notified the Administrative Agent and/or the Borrower that it does not intend to comply with the obligations under Section 2.1, 3.3 or 3.4, in the case of either clause (a) or clause (b) above, as a result of the appointment of a receiver or conservator with respect to such Lender at the direction or request of any regulatory agency or authority.

"Letter of Credit" shall have the meaning provided in Section 3.1(a).

"Letter of Credit Commitment" shall mean $50,000,000, as the same may be reduced from time to time pursuant to Section 4.2.

"Letter of Credit Exposure" shall mean, with respect to any Lender, at any time, the sum of (a) the amount of any Unpaid Drawings in respect of which such Lender has made (or is required to have made) Revolving Credit Loans pursuant to Section 3.4(a) at such time and (b) such Lender's Revolving Credit Commitment Percentage of the Letters of Credit Outstanding at such time (excluding the portion thereof consisting of Unpaid Drawings in respect of which the Lenders have made (or are required to have made) Revolving Credit Loans pursuant to Section 3.4(a)).

"Letter of Credit Fee" shall have the meaning provided in Section 4.1(c).

"Letter of Credit Issuer" shall mean MSSF, any of its Affiliates and any one or more Persons who shall become a Letter of Credit Issuer pursuant to Section 3.6.

"Letter of Credit Participant" shall have the meaning provided in Section 3.3(a).

"Letter of Credit Participation" shall have the meaning provided in Section 3.3(a).

"Letter of Credit Request" shall have the meaning provided in Section 3.2(a).

"Letters of Credit Outstanding" shall mean, at any time, the sum of, without duplication, (a) the aggregate Stated Amount of all outstanding Letters of Credit and (b) the aggregate amount of all Unpaid Drawings in respect of all Letters of Credit.

"Level I Status" shall mean, on any date, the Consolidated Total Debt to Consolidated EBITDA Ratio as of such date is greater than 5.75:1.00.

"Level II Status" shall mean, on any date, the Consolidated Total Debt to Consolidated EBITDA Ratio as of such date is less than or equal to 5.75:1.00.

"Lien" shall mean any mortgage, pledge, security interest, hypothecation, assignment, lien (statutory or other) or similar encumbrance, and any easement, right-of-way, license, restriction (including zoning restrictions), defect, exception or irregularity in title or similar change or encumbrance (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loan" shall mean any Revolving Credit Loan, New Revolving Swingline Loan, Tranche C Term Loan or New Term Loan made by any Lender hereunder.

"Management Group" shall mean, at any time, the Chairman of the Board, any President, any Executive Vice President or Vice President, any Managing Director, any Treasurer and any Secretary of Holdings, the Borrower or any Restricted Subsidiary at such time.

"Management Investors" shall mean the management officers, directors and employees of Holdings, the Borrower and the Restricted Subsidiaries who became investors in Holdings, the Borrower or any of their direct or indirect parent entities on or before the date that was 12 months after the to Closing Date.

"Mandatory Borrowing" shall have the meaning provided in Section 2.1(e)(ii).

"Margin Line of Credit" shall mean any lines of credit established consistent with past business practices and used by the Borrower and its Subsidiaries in the ordinary course of business and to fund or support Margin Loans of customers of the Borrower and its Subsidiaries and any replacement lines established on substantially similar terms and conditions.

"Margin Loans" as defined in Regulation T.

"Material Adverse Change" shall mean any change in the business, assets, operations, properties or financial condition of the Borrower and its Subsidiaries, taken as a whole, that would materially adversely affect the ability of the Borrower and the other Credit Parties, taken as a whole, to perform their obligations under this Agreement or any of the other Credit Documents.

"Material Adverse Effect" shall mean a circumstance or condition affecting the business, assets, operations, properties or financial condition of the Borrower and its Subsidiaries, taken as a whole, that would materially adversely affect (a) the ability of the Borrower and the other Credit Parties, taken as a whole, to perform their obligations under this Agreement or any of the other Credit Documents or (b) the rights and remedies of the Administrative Agent and the Lenders under this Agreement or any of the other Credit Documents.

"Material Subsidiary" shall mean, at any date of determination, each Restricted Subsidiary of the Borrower (a) whose total assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which Section 9.1 Financials have been delivered were equal to or greater than 5% of the Consolidated Total Assets of the Borrower and the Restricted Subsidiaries at such date or (b) whose gross revenues for such Test Period were equal to or greater than 5% of the consolidated gross revenues of the Borrower and the Restricted Subsidiaries for such period, in each case determined in accordance with GAAP.

"Maturity Date" shall mean the Tranche C Term Loan Maturity Date, the New Term Loan Maturity Date, the Revolving Credit Maturity Date, or the Swingline Maturity Date, as applicable.

"Mezz Participants" shall mean the holders of the Senior Unsecured Subordinated Notes who hold any equity stake in Holdings or the Borrower.

"Minimum Borrowing Amount" shall mean (a) with respect to a Borrowing of Term Loans or Revolving Credit Loans, $1,000,000 and (b) with respect to a Borrowing of Swingline Loans, $100,000.

"Minority Investment" shall mean any Person (other than a Subsidiary) in which the Borrower or any Restricted Subsidiary owns Capital Stock.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor by merger or consolidation to its business.

"Mortgage" shall mean a Mortgage or Deed of Trust, Assignment of Leases and Rents, Security Agreement and Financing Statement or other security document entered into by the owner of a Mortgaged Property and the Collateral Agent for the benefit of the Secured Parties in respect of that Mortgaged Property, substantially in the form of Exhibit C or, in the case of any Mortgaged Property located outside the United States of America, in such form as agreed between the Borrower and the Collateral Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and of the other Credit Documents.

"Mortgaged Property" shall mean, initially, the parcel of real estate and the improvements thereto owned by a Credit Party and identified on Schedule 1.1(a), and thereafter, each other parcel of real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 9.14(b).

"MS" shall have the meaning provided in the preamble to this Agreement.

"MSSF" shall have the meaning provided in the preamble to this Agreement.

"Net Cash Proceeds" shall mean, with respect to any Prepayment Event, (a) the gross cash proceeds (including payments from time to time in respect of installment obligations, if applicable) received by or on behalf of the Borrower or any of the Restricted Subsidiaries in respect of such Prepayment Event, less (b) the sum of:

(i) in the case of any Prepayment Event, the amount, if any, of all taxes paid or estimated to be payable by Holdings, the Borrower or any of the Restricted Subsidiaries in connection with such Prepayment Event,

(ii) in the case of any Prepayment Event, the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) associated with the assets that are the subject of such Prepayment Event and (y) retained by Holdings, the Borrower or any of the Restricted

Subsidiaries; provided, that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such Prepayment Event occurring on the date of such reduction,

(iii) in the case of any Prepayment Event, the amount of any Indebtedness secured by a Lien on the assets that are the subject of such Prepayment Event to the extent that the instrument creating or evidencing such Indebtedness requires that such Indebtedness be repaid upon consummation of such Prepayment Event and such Indebtedness is actually so repaid,

(iv) in the case of any Asset Sale Prepayment Event (other than a transaction permitted by Section 10.4(d)(ii)) or Permitted Sale Leaseback, the amount of any proceeds of such Asset Sale Prepayment Event or such Permitted Sale Leaseback that the Borrower or the applicable Restricted Subsidiary has reinvested (or intends to reinvest), or has entered into an Acceptable Reinvestment Commitment to reinvest, within the Reinvestment Period, in the business of the Borrower or any of the Restricted Subsidiaries (subject to Section 9.13); provided, that:

(A) the Borrower or the applicable Restricted Subsidiary shall comply with Sections 9.11, 9.12 and 9.14(b) with respect to such reinvestment;

(B) any portion of such proceeds that has not been so reinvested or made subject to an Acceptable Reinvestment Commitment within the Reinvestment Period shall (x) be deemed to be Net Cash Proceeds of an Asset Sale Prepayment Event or Permitted Sale Leaseback occurring on the last day of the Reinvestment Period and (y) be applied to the repayment of Term Loans in accordance with Section 5.2(a)(i); and

(C) any proceeds subject to an Acceptable Reinvestment Commitment that is later canceled or terminated for any reason before such proceeds are applied in accordance therewith shall be applied to the repayment of Term Loans in accordance with Section 5.2(a)(i), unless the Borrower or the applicable Restricted Subsidiary enters into another Acceptable Reinvestment Commitment with respect to such proceeds prior to the end of the Reinvestment Period,

(v) in the case of any Recovery Prepayment Event, the amount of any proceeds of such Recovery Prepayment Event (x) that the Borrower or the applicable Restricted Subsidiary has reinvested (or intends to reinvest), or has entered into an Acceptable Reinvestment Commitment to reinvest, within the Reinvestment Period, in the business of the Borrower or any of the Restricted Subsidiaries (subject to Section 9.13), including for the repair, restoration or replacement of the asset or assets subject to such Recovery Prepayment Event, or (y) for which the Borrower or the applicable Restricted Subsidiary has provided a Restoration Certification; provided, that:

(A) the Borrower or the applicable Restricted Subsidiary shall comply with Sections 9.11, 9.12 and 9.14(b) with respect to such reinvestment;

(B) any portion of such proceeds that has not been so reinvested or made subject to an Acceptable Reinvestment Commitment or Restoration Certification within

the Reinvestment Period shall (x) be deemed to be Net Cash Proceeds of a Recovery Prepayment Event occurring on the last day of the Reinvestment Period and (y) be applied to the repayment of Term Loans in accordance with Section 5.2(a)(i), as applicable; and

(C) any proceeds subject to an Acceptable Reinvestment Commitment that is later canceled or terminated for any reason before such proceeds are applied in accordance therewith shall be applied to the repayment of Term Loans in accordance with Section 5.2(a)(i), unless the Borrower or the applicable Restricted Subsidiary enters into another Acceptable Reinvestment Commitment with respect to such proceeds prior to the end of the Reinvestment Period,

(vi) in the case of any Prepayment Event, reasonable and customary fees, commissions, expenses, issuance costs, discounts and other costs paid by Holdings, the Borrower or any of the Restricted Subsidiaries, as applicable, in connection with such Prepayment Event (other than those payable

to Holdings, the Borrower or any Subsidiary of the Borrower), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a) above.

"Net Working Capital" shall mean, at any date, the excess of (a) the cumulative sum of all amounts that would in conformity with GAAP constitute "assets" on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries at such date, excluding assets constituting (i) cash, cash equivalents and bank overdrafts, other than all Required Cash of all such Persons as at such date (which shall be included as part of Net Working Capital), (ii) taxes receivable and deferred income taxes of all such Persons, (iii) property, plant and equipment of all such Persons and (iv) goodwill and intangibles of all such Persons, over (b) the cumulative sum of all amounts that would, in conformity with GAAP, constitute "liabilities" on the consolidated balance sheet of the Borrower and its Restricted Subsidiaries on such date, excluding (i) all Indebtedness, other than Indebtedness under Margin Lines of Credit and under Warehouse Lines of Credit (which shall be included as part of Net Working Capital), (ii) taxes payable and deferred income taxes of all such Persons, (iii) stockholder's equity of all such Persons and (iv) dividends payable of all such Persons.

"New Letter of Credit Exposure" shall have the meaning provided in Section 2.14(b).

"New Commitments" shall have the meaning provided in Section 2.14(a).

"New Term Loan Commitments" shall have the meaning provided in Section 2.14(a).

"New Term Loan Facility" shall mean any credit facility constituting New Term Loan Commitments and New Term Loans.

"New Term Loan Lender" shall have the meaning provided in Section 2.14(b).

"New Term Loans" shall have the meaning provided in Section 2.14(b).

"New Term Loan Maturity Date" shall mean the date on which a New Term Loan matures.

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Non-Excluded Taxes" shall have the meaning provided in Section 5.4(a).

"Notes Offering" shall have the meaning provided in the recitals to this Agreement.

"Notice of Borrowing" shall have the meaning provided in Section 2.3.

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.6.

"Obligations" shall mean the collective reference to (a) the due and punctual payment of (i) the principal of and premium, if any, and interest at the applicable rate provided in this Agreement (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrower or any other Credit Party to any of the Secured Parties under this Agreement and the other Credit Documents, (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrower under or pursuant to this Agreement and the other Credit Documents, (c) the due and punctual payment and performance of all the covenants, agreements, and liabilities of each other Credit Party under or pursuant to this Agreement or the other Credit Documents, (d) the due and punctual payment and performance of all obligations of each Credit Party under each Hedging Agreement with a Lender Counterparty and (e) the due and punctual payment and performance of all obligations in respect of overdrafts and related liabilities owed to the Administrative Agent or its affiliates arising from or in connection with treasury, depositary or cash management services or in connection with any automated clearinghouse transfer of funds.

"OCC" shall mean the Office of the Comptroller of the Currency.

"OCC-Regulated Subsidiary" shall mean any Subsidiary of the Borrower that is regulated by the OCC.

"OCC-Regulated Subsidiary Required Cash" shall mean, as of any date of determination, (a) all cash and cash equivalents on the balance sheet of any OCC-Regulated Subsidiary as of such date minus (b) all Indebtedness on the balance sheet of any OCC-Regulated

Subsidiary as of such date minus (c) the difference of (i) the Risk-Based Capital (as referenced in 12 U.S.C. Section 282) of any OCC-Regulated Subsidiary as of such date and (ii) $4,000,000 (or such other amount that is required by the OCC or otherwise agreed to by any OCC-Regulated Subsidiary and the OCC).

"Original Collateral" shall have the meaning provided in the recitals to this Agreement.

"Original Credit Agreement" shall have the meaning provided in the recitals to this Agreement.

"Original Credit Documents" shall have the meaning provided in the recital to this Agreement.

"Original Lenders" shall have the meaning provided in the recitals hereto.

"Original Obligations" shall have the meaning provided in the recitals to this Agreement.

"Original Term Loans" shall have the meaning provided in the recitals hereto.

"Participant" shall have the meaning provided in Section 13.6(c)(i).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"Perfection Certificate" shall mean the certificate of the Borrower delivered on the Closing Date in substantially the form of Exhibit D and attached to the Original Credit Agreement.

"Permitted Acquisition" shall mean (a) the UVEST Acquisition and (b) any other acquisition, by merger or otherwise, by the Borrower or any of the Restricted Subsidiaries of assets or Capital Stock, so long as (i) such acquisition and all transactions related thereto shall be consummated in accordance with all Applicable Laws; (ii) such acquisition shall result in the issuer of such Capital Stock becoming a Restricted Subsidiary and, to the extent required by Section 9.11, a Guarantor; (iii) such acquisition shall result in the Collateral Agent, for the benefit of the Secured Parties, being granted a security interest in any Capital Stock or any assets so acquired to the extent required by Sections 9.11, 9.12 and/or 9.14(b); (iv) after giving effect to such acquisition, no Default or Event of Default shall have occurred and be continuing; (v) after giving effect to such acquisition, the Borrower and its Restricted Subsidiaries shall be in compliance with Section 9.13; (vi) the Borrower shall be in compliance, on a pro forma basis after giving effect to such acquisition (including any Indebtedness assumed or permitted to exist or incurred pursuant to Sections 10.1(j) and 10.1(k), respectively, and any related Pro Forma Adjustment), with the covenants set forth in Sections 10.9 and 10.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Sections as if such acquisition had occurred on the first day of such Test Period.

"Permitted Additional Notes" shall mean senior, mezzanine or subordinated notes issued by Holdings or the Borrower; provided, that (a) the terms of such notes do not provide for any scheduled repayment, mandatory redemption, sinking fund obligation or other payment prior to the Senior Unsecured Subordinated Note Maturity Date, other than customary offers to purchase upon a change of control, asset sale or casualty or condemnation event and customary acceleration rights upon an event of default, (b) the covenants, events of default, Subsidiary guarantees and other terms for such notes (provided that such notes shall have interest rates and redemption premiums determined by the Board of Directors of Holdings or the Borrower, as applicable to be market rates and premiums at the time of issuance of such notes), taken as a whole, are not more restrictive on Holdings, the Borrower and their Subsidiaries, or less favorable to the Lenders, taken as a whole, than the terms of the Senior Unsecured Subordinated Notes (as in effect on the Effective Date), (c) if such notes are subordinated notes, the terms of such notes provide for customary subordination of such notes to the Obligations and (d) no Subsidiary of Holdings or the Borrower (other than the Borrower or a Guarantor) is an obligor under such notes that is not an obligor under the Senior Unsecured Subordinated Notes.

"Permitted Cure Security" shall mean an equity security of Holdings or the Borrower having no mandatory redemption, repurchase or similar requirements prior to 91 days after the latest maturity date for any of the Loans, and upon which all dividends or distributions (if any) shall be payable solely in additional shares of such equity security.

"Permitted Investments" shall mean (a) Dollars and, with respect to any Foreign Subsidiaries, local currencies held by such Foreign Subsidiary, in each case in the ordinary course of business and securities issued or unconditionally guaranteed by the United States government or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof; (b) securities issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof or any political subdivision of any such state or any public instrumentality thereof having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service); (c) commercial paper or variable or fixed rate notes issued by or guaranteed by any Lender or any bank holding company owning any Lender; (d) commercial paper or variable or fixed rate notes maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service); (e) time deposits of, or domestic and Eurodollar certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof, issued by any Lender or any other bank having combined capital and surplus of not less than $250,000,000 in the case of domestic banks and $100,000,000 (or the dollar equivalent thereof) in the case of foreign banks; (f) repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing; (g) marketable short-term money market and similar securities having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating

service); (h) shares of investment companies that are registered under the Investment Company Act of 1940 and invest solely in one or more of the types of securities described in clauses (a) through (g) above; and (i) in the case of investments by any Restricted Foreign Subsidiary or investments made in a country outside the United States of America, other customarily utilized high-quality investments in the country where such Restricted Foreign Subsidiary is located or in which such investment is made.

"Permitted Investors" shall mean the Sponsors, the Mezz Participants and the Management Investors.

"Permitted Liens" shall mean (a) Liens for taxes, assessments or other governmental charges or claims that are either (i) not yet due and payable and not subject to penalties for nonpayment or (ii) being contested in good faith by appropriate proceedings for which appropriate reserves have been established in accordance with GAAP; (b) Liens in respect of property or assets of Holdings, the Borrower or any of its Subsidiaries imposed by law, such as landlords', carriers', warehousemen's and mechanics' Liens and other similar Liens, in each case so long as such Liens arise in the ordinary course of business and do not individually or in the aggregate have a Material Adverse Effect; (c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 11.10; (d) Liens incurred or pledges or deposits made in connection with workers' compensation, unemployment insurance and other types of social security legislation, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business; (e) ground leases or subleases, licenses or sublicenses in respect of real property on which facilities owned or leased by Holdings, the Borrower or any of its Subsidiaries are located; (f) easements, rights-of-way, licenses, restrictions (including zoning restrictions), minor defects, exceptions or irregularities in title and other similar charges or encumbrances, in each case not interfering in any material respect with the business of Holdings, the Borrower and its Subsidiaries, taken as a whole, and any exception on the title policies issued in connection with any Mortgaged Property; (g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement; (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (i) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued or created for the account of the Borrower or any of its Subsidiaries, provided that such Lien secures only the obligations of the Borrower or such Subsidiaries in respect of such letter of credit to the extent permitted under Section 10.1; (j) leases or subleases, licenses or sublicenses granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries, taken as a whole; (k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of Holdings, the Borrower and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, to facilitate the operation of cash pooling and/or interest set-off arrangements in respect of such bank accounts in the ordinary course of business; (l) any interest or title of a lessor, sublessor, licensor or sub licensor under leases entered into in the ordinary course of business; and (m) Liens arising from precautionary Uniform Commercial Code financing statement or similar filings made in respect of operating leases entered into by the Borrower or any of its Subsidiaries.

"Permitted Sale Leaseback" shall mean the Sale Leaseback consummated by the Borrower or any of the Restricted Subsidiaries after the Closing Date with respect to the Borrower's property listed on Schedule 1.1(a).

"Person" shall mean any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise or any Governmental Authority.

"Plan" shall mean any multiemployer or single-employer plan, as defined in Section 4001 of ERISA and subject to Title IV of ERISA, that is or was within any of the preceding five plan years maintained or contributed to by (or to which there is or was an obligation to contribute or to make payments to) the Borrower, a Subsidiary or an ERISA Affiliate.

"Pledge Agreement" shall mean the Pledge Agreement, dated as of the Closing Date, among Borrower, the other pledgors party thereto and the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit E-2 attached to the Original Credit Agreement, as the same has been or may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and of the other Credit Documents.

"Prepayment Event" shall mean any Asset Sale Prepayment Event, Recovery Prepayment Event, Debt Incurrence Prepayment Event or Permitted Sale Leaseback.

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by The Bank of New York as its reference rate in effect at its principal office in New York City.

"Pro Forma Adjustment" shall mean, for any Test Period that includes any of the six consecutive fiscal quarters first ending following any Permitted Acquisition, with respect to the Acquired EBITDA of the applicable Acquired Entity or Business or the Consolidated EBITDA of the Borrower affected by such acquisition, the pro forma increase or decrease in such Acquired EBITDA or such Consolidated EBITDA, as the case may be, projected by the Borrower in good faith as a result of reasonably identifiable and factually supportable cost savings and costs (excluding one-time transition, transaction and restructuring costs), as the case may be, expected to be realized during such period by combining the operations of such Acquired Entity or Business with the operations of the Borrower and its Subsidiaries; provided, further that any such pro forma increase or decrease to such Acquired EBITDA or such Consolidated EBITDA, as the case may be, shall be without duplication for cost savings and costs (excluding one-time transition, transaction and restructuring costs) actually realized during such period and already included in such Acquired EBITDA or such Consolidated EBITDA, as the case may be.

"Pro Forma Adjustment Certificate" shall mean any certificate of an Authorized Officer of the Borrower delivered pursuant to Section 9.1(h) or setting forth the information described in clause (iv) to Section 9.1(d).

"Real Estate" shall have the meaning provided in Section 9.1(f).

"Reaffirmation Agreement" shall mean that certain Reaffirmation Agreement, dated as of the Effective Date, by and among the Credit Parties, the Administrative Agent and the Collateral Agent, pursuant to which the Credit Parties acknowledged and confirmed the full force and effect of the Security Documents and the Guarantee with respect to this Agreement and the Obligations.

"Recovery Event" shall mean (a) any damage to, destruction of or other casualty or loss involving any property or asset or (b) any seizure, condemnation, confiscation or taking under the power of eminent domain of, or any requisition of title or use of or relating to, or any similar event in respect of, any property or asset.

"Recovery Prepayment Event" shall mean the receipt of cash proceeds with respect to any settlement or payment in connection with any Recovery Event in respect of any property or asset of the Borrower or any Restricted Subsidiary; provided that the term "Recovery Prepayment Event" shall not include any Asset Sale Prepayment Event or any Permitted Sale Leaseback.

"Reference Lender" shall mean The Bank of New York.

"Refinanced Senior Unsecured Subordinated Notes" shall have the meaning provided in Section 10.1(i)(i).

"Refinanced Term Loans" shall have the meaning provided in Section 13.1.

"Refinancing" shall have the meaning provided in the recitals to this Agreement.

"Register" shall have the meaning provided in Section 13.6(b)(iv).

"Regulated Subsidiaries" shall mean the Broker-Dealer Regulated Subsidiary, the HUD-Regulated Subsidiary and any OCC-Regulated Subsidiary.

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Reinvestment Period" shall mean, with respect to any Asset Sale Prepayment Event, Permitted Sale Leaseback or Recovery Prepayment Event, the day which is fifteen months after such Asset Sale Prepayment Event, Permitted Sale Leaseback or Recovery Prepayment Event.

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, trustees, advisors of such Person and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Replacement Term Loans" shall have the meaning provided in Section 13.1.

"Reportable Event" shall mean an event described in Section 4043 of ERISA and the regulations thereunder.

"Required Cash" shall mean the sum of Broker-Dealer Required Cash, OCC-Regulated Subsidiary Required Cash and HUD-Regulated Subsidiary Required Cash; provided, that to the extent, after the Closing Date, the Borrower or any of its Subsidiaries shall acquire or create any new "regulated" Domestic Subsidiary that shall not be required to guaranty the Obligations pursuant to the Guaranty, then the definition of "Required Cash" shall also include the required cash of any such Person, which required cash shall be calculated in a substantially equivalent manner as Broker-Dealer Required Cash, OCC-Regulated Subsidiary Required Cash and HUD-Regulated Subsidiary Required Cash have been calculated and otherwise in a manner mutually agreed between the Borrower and the Administrative Agent.

"Required Lenders" shall mean, at any date, Non-Defaulting Lenders having or holding a majority of the sum of (a) the outstanding principal amount of the Tranche C Term Loans in the aggregate at such date, (b)(i) until the Increased Amount Date for any Series, the Adjusted Total New Term Loan Commitment for such Series and (ii) thereafter, the outstanding principal amount of the New Term Loans of such Series in the aggregate at such date and (c)(i) the Adjusted Total Revolving Credit Commitment at such date or (ii) if the Total Revolving Credit Commitment has been terminated or for the purposes of acceleration pursuant to Section 11, the outstanding principal amount of the Revolving Credit Loans and Letter of Credit Exposures in the aggregate at such date.

"Required Reimbursement Date" shall have the meaning provided in Section 3.4(a).

"Required Revolving Credit Lenders" shall mean, at any date, Non-Defaulting Lenders having or holding a majority of (a) the Adjusted Total Revolving Credit Commitment at such date or (b) if the Total Revolving Credit Commitment has been terminated or for the purposes of acceleration pursuant to Section 11, the outstanding amount of the Revolving Credit Exposures in the aggregate at such date.

"Required Term Loan Lenders" shall mean, at any date, Non-Defaulting Lenders having or holding a majority of the outstanding principal amount of the Term Loans in the aggregate at such date.

"Restoration Certification" shall mean, with respect to any Recovery Prepayment Event, a certification made by an Authorized Officer of the Borrower or a Restricted Subsidiary, as applicable, to the Administrative Agent prior to the end of the Reinvestment Period certifying (a) that the Borrower or such Restricted Subsidiary intends to use the proceeds received in

connection with such Recovery Prepayment Event to repair, restore or replace the property or assets in respect of which such Recovery Prepayment Event occurred, (b) the approximate costs of completion of such repair, restoration or replacement and (c) that such repair, restoration or replacement will be completed within fifteen months after the date on which such Recovery Prepayment Event occurred.

"Restricted Domestic Subsidiary" shall mean each Restricted Subsidiary that is also a Domestic Subsidiary.

"Restricted Foreign Subsidiary" shall mean each Restricted Subsidiary that is also a Foreign Subsidiary.

"Restricted Subsidiary" shall mean any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"Revolving Credit Commitment" shall mean, (a) with respect to each Lender that was a Lender on the Closing Date, the amount set forth opposite such Lender's name on Schedule 1.1(b) as such Lender's "Revolving Credit Commitment", (b) in the case of any Lender that becomes a Lender after the date hereof, the amount specified as such Lender's "Revolving Credit Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Revolving Credit Commitment and (c) in the case of any Lender that increases its Revolving Credit Commitment or becomes a Revolving Credit Increase Lender, in each case pursuant to Section 2.14, the amount specified in such Lender's Joinder Agreement, in each case as the same may be changed from time to time pursuant to terms hereof. The aggregate amount of the Revolving Credit Commitments as of the Closing Date was $100,000,000.

"Revolving Credit Commitment Percentage" shall mean at any time, for each Lender, the percentage obtained by dividing (a) such Lender's Revolving Credit Commitment by (b) the aggregate amount of the Revolving Credit Commitments; provided that at any time when the Total Revolving Credit Commitment shall have been terminated, each Lender's Revolving Credit Commitment Percentage shall be its Revolving Credit Commitment Percentage as in effect immediately prior to such termination.

"Revolving Credit Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of the Revolving Credit Loans of such Lender then outstanding and (b) such Lender's Letter of Credit Exposure at such time.

"Revolving Credit Facility" shall have the meaning provided in the recitals to this Agreement.

"Revolving Credit Increase Lender" shall have the meaning provided in Section 2.14(b).

"Revolving Credit Loan" shall have the meaning provided in Section 2.1(c).

"Revolving Credit Increase" shall have the meaning provided in Section 2.14(a).

"Revolving Credit Maturity Date" shall mean the date that is six years after the Closing Date, or, if such date is not a Business Day, the next preceding Business Day.

"Sale Leaseback" shall mean any transaction or series of related transactions pursuant to which the Borrower or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed of.

"S&P" shall mean Standard & Poor's Ratings Services or any successor by merger or consolidation to its business.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Section 9.1 Financials" shall mean the financial statements delivered, or required to be delivered, pursuant to Section 9.1(a) or (b) together with the accompanying officer's certificate delivered, or required to be delivered, pursuant to Section 9.1(e).

"Secured Parties" shall have the meaning assigned to such term in the Security Agreement.

"Security Agreement" shall mean the Security Agreement, dated as of the Closing Date, among Borrower, the other grantors party thereto and the Collateral Agent for the benefit of the Secured Parties, substantially in the form of Exhibit E-1 attached to the Original Credit Agreement, as the same has been or may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and of the other Credit Documents.

"Security Documents" shall mean, collectively, the Security Agreement, the Pledge Agreement, the Reaffirmation Agreement, the Mortgages and each other security agreement or other instrument or document executed and delivered pursuant to Section 9.11, 9.12 or 9.14 or pursuant to any of the Security Documents to secure any of the Obligations.

"Segregated Cash" shall mean, as of any date of determination, all cash and "qualified" cash equivalents segregated on the balance sheet of the Broker-Dealer Regulated Subsidiary as of such date under Rule 15c3-3 of the Exchange Act.

"Senior Unsecured Subordinated Note Indenture" shall mean the Indenture, dated as of December 28, 2005, among the Borrower, each of the guarantors party thereto and Wells Fargo Bank, N.A., as Trustee, pursuant to which the Senior Unsecured Subordinated Notes are issued, as the same may be amended, supplemented or otherwise modified from time to time to the extent permitted by Section 10.7(c).

"Senior Unsecured Subordinated Note Maturity Date" shall mean December 28, 2015.

"Senior Unsecured Subordinated Notes" shall have the meaning provided in the recitals to this Agreement.

"Series" shall have the meaning provided in Section 2.14(a).

"Sold Entity or Business" shall have the meaning provided in the definition of the term "Consolidated EBITDA".

"Solvent" shall mean, with respect to any Person, at any date, that (a) the sum of such Person's debt (including contingent liabilities) does not exceed the present fair saleable value of such Person's present assets, (b) such Person's capital is not unreasonably small in relation to its business as contemplated on such date, (c) such Person has not incurred and does not intend to incur, or believe that it will incur, debts including current obligations beyond its ability to pay such debts as they become due (whether at maturity or otherwise), and (d) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Specified Obligations" shall mean Obligations consisting of (a) the principal of and interest on Loans and (b) reimbursement obligations in respect of Letters of Credit.

"Specified Subsidiary" shall mean, at any date of determination, (a) any Material Subsidiary or (b) any Unrestricted Subsidiary (i) whose total assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which Section 9.1 Financials have been delivered were equal to or greater than 15% of the consolidated total assets of the Borrower and its Subsidiaries at such date or (ii) whose gross revenues for such Test Period were equal to or greater than 15% of the consolidated gross revenues of the Borrower and its Subsidiaries for such period, in each case determined in accordance with GAAP.

"Sponsors" shall mean, collectively, Hellmann & Friedman LLC and Texas Pacific Group and/or their respective Affiliates.

"Stated Amount" of any Letter of Credit shall mean the maximum amount from time to time available to be drawn thereunder, determined without regard to whether any conditions to drawing could then be met.

"Status" shall mean, as to the Borrower as of any date, the existence of Level I Status or Level II Status, as the case may be, on such date. Changes in Status resulting from changes in Consolidated Total Debt to Consolidated EBITDA Ratio shall become effective as of the first Business Day following the delivery of the Section 9.1 Financials.

"Statutory Reserve Rate" shall mean for any day as applied to any Eurodollar Loan, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages that are in effect on that day (including any marginal, special, emergency or

supplemental reserves), expressed as a decimal, as prescribed by the Board and to which the Administrative Agent is subject, for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute Eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subsidiary" of any Person shall mean and include (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries has more than a 50% equity interest at the time. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Successor Borrower" shall have the meaning provided in Section 10.3(a).

"Swingline Commitment" shall mean $50,000,000.

"Swingline Lender" shall mean MSSF in its capacity as lender of Swingline Loans hereunder, or such other financial institution who, after the date hereof, shall agree to act in the capacity of lender of Swingline Loans hereunder.

"Swingline Loan" shall have the meaning provided in Section 2.1(e)(i).

"Swingline Maturity Date" shall mean, with respect to any Swingline Loan, the date that is five Business Days prior to the Revolving Credit Maturity Date.

"Syndication Agent" shall mean GSCP, together with its affiliates, as the syndication agent for the Lenders under this Agreement and the other Credit Documents.

"Term Loan" shall mean a Tranche C Term Loan or a New Term Loan, as applicable.

"Test Period" shall mean, for any determination under this Agreement, the four consecutive fiscal quarters of the Borrower then last ended.

"Total Commitment" shall mean the sum of the Total Tranche C Term Loan Commitment, the Total New Term Loan Commitment and the Total Revolving Credit Commitment.

"Total Credit Exposure" shall mean, at any date, the sum of the Total Commitment at such date and the outstanding principal amount of all Term Loans at such date.

"Total New Term Loan Commitment" shall mean the sum of the New Term Loan Commitments of all the New Term Lenders.

"Total Revolving Credit Commitment" shall mean the sum of the Revolving Credit Commitments of all the Lenders.

"Total Tranche C Term Loan Commitment" shall mean the sum of the Tranche C Term Loan Commitments of all the Lenders.

"Tranche C Term Lender" shall mean each Lender that has a Tranche C Term Loan Commitment or holds a Tranche C Term Loan.

"Tranche C Term Loan" shall have the meaning provided in Section 2.1(a).

"Tranche C Term Loan Commitment" shall mean, (a) in the case of each Lender that is a Lender on the date hereof, the amount set forth opposite such Lender's name on Schedule 1.1(b) hereto or, in the case if any Continuing Lenders, on the schedule to its Lender Consent Letter, in either case as such Lender's "Tranche C Term Loan Commitment" and (b) in the case of any Lender that becomes a Lender after the date hereof, the amount specified as such Lender's "Tranche C Term Loan Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Tranche C Term Loan Commitment, in each case as the same may be changed from time to time pursuant to the terms hereof. The aggregate amount of the Tranche C Term Loan Commitments as of the Effective Date is $794,375,000.

"Tranche C Term Loan Facility" shall have the meaning provided in the recitals to this Agreement.

"Tranche C Term Loan Maturity Date" shall mean the date that is seven years and six months after the Closing Date; provided, that if such date is not a Business Day, the "Tranche C Term Loan Maturity Date" will be the next preceding Business Day.

"Tranche C Term Loan Repayment Amount" shall have the meaning provided in Section 2.5(b).

"Tranche C Term Loan Repayment Date" shall have the meaning provided in Section 2.5(b).

"Transferee" shall have the meaning provided in Section 13.6(e).

"Type" shall mean (a) as to any Term Loan, its nature as an ABR Loan or a Eurodollar Term Loan, and (b) as to any Revolving Credit Loan, its nature as an ABR Loan or a Eurodollar Revolving Credit Loan.

"Unfunded Current Liability" of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 87 as in effect on the date hereof, based upon the actuarial assumptions that would be used by the Plan's actuary in a termination of the Plan, exceeds the fair market value of the assets allocable thereto.

"Unpaid Drawing" shall have the meaning provided in Section 3.4(a).

"Unrestricted Subsidiary" shall mean (a) any Subsidiary of Holdings or the Borrower that is formed or acquired after the Closing Date and is designated as an Unrestricted Subsidiary by Holdings or the Borrower at such time (or promptly thereafter) in a written notice to the Administrative Agent, (b) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary by Holdings or the Borrower in a written notice to the Administrative Agent; provided, that (x) such designation or re-designation shall be deemed to be an investment (and thus must be made in accordance with Section 10.5) on the date of such designation or re-designation in an Unrestricted Subsidiary in an amount equal to the sum of (i) Holdings' or the Borrower's direct or indirect equity ownership percentage of the net worth of such designated or re-designated Subsidiary immediately prior to such designation or re-designation (such net worth to be calculated without regard to any guarantee provided by such designated or re-designated Subsidiary) and (ii) the aggregate principal amount of any Indebtedness owed by such designated or re-designated Subsidiary to Holdings or the Borrower or any other Restricted Subsidiary immediately prior to such designation or re-designation, all calculated, except as set forth in the parenthetical to clause (i), on a consolidated basis in accordance with GAAP and (y) no Default or Event of Default would result from such designation or re-designation, and (c) each Subsidiary of an Unrestricted Subsidiary; provided, however, that at the time of any written designation or re-designation by Holdings, or the Borrower to the Administrative Agent that any Unrestricted Subsidiary shall no longer constitute an Unrestricted Subsidiary, such Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary to the extent no Default or Event of Default would result from such designation or re-designation.

"UVEST Acquisition" shall mean the acquisition by Borrower or a (Restricted Subsidiary thereof) of all of the outstanding Capital Stock of UVEST Financial Services Group Inc.

"Voting Stock" shall mean, with respect to any Person, shares of such Person's Capital Stock having the right to vote for the election of directors of such Person under ordinary circumstances.

"Warehouse Line of Credit" shall mean any warehouse lines of credit established consistent with past business practices and used by the Borrower and its Subsidiaries in the ordinary course of business to fund or support their mortgage lending business and any replacement lines established on substantially similar terms and conditions.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to Sections of this Agreement unless otherwise specified. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(c) Unless otherwise indicated, any reference to any agreement or instrument will be deemed to include a reference to that agreement or instrument as assigned, amended, supplemented, amended and restated, or otherwise modified and in effect from time to time or replaced in accordance with the terms of this Agreement (if applicable).

SECTION 2. Amount and Terms of Credit Facilities

2.1 Loans (a) Subject to and upon terms and conditions herein set forth including Section 2.4(d), each Tranche C Term Lender severally agrees to make a loan or loans (each, a "Tranche C Term Loan") to the Borrower, which Tranche C Term Loans (i) shall not exceed, for any such Lender, the Tranche C Term Loan Commitment of such Tranche C Term Lender, (ii) shall not exceed, in the aggregate, the Total Tranche C Term Loan Commitment, (iii) shall be made on the Effective Date, (iv) may at the option of the Borrower be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Tranche C Term Loans; provided, that all such Tranche C Term Loans made by each of the Tranche C Term Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Tranche C Term Loans of the same Type and (v) may be repaid or prepaid in accordance with the provisions hereof, but once repaid or prepaid may not be reborrowed. On the Tranche C Term Loan Maturity Date, all outstanding Tranche C Term Loans shall be repaid in full.

(b) Subject to and upon the terms and conditions herein set forth including Section 2.4 (d), each Lender having a Revolving Credit Commitment severally agrees to make a loan or loans (each, a "Revolving Credit Loan") to the Borrower, which Revolving Credit Loans (i) shall not exceed, for any such Lender, the Revolving Credit Commitment of such Lender, (ii) shall not, after giving effect thereto and to the application of the proceeds thereof, result in such Lender's Revolving Credit Exposure at such time exceeding such Lender's Revolving Credit Commitment at such time, (iii) shall not, after giving effect thereto and to the application of the proceeds thereof, at any time result in the aggregate amount of all Lenders' Revolving Credit Exposures plus the aggregate principal amount outstanding of all Swingline Loans at such time exceeding the Total Revolving Credit Commitment then in effect, (iv) shall be made at any time and from time to time after the Closing Date and prior to the Revolving Credit Maturity Date, (v) may at the option of the Borrower be incurred and maintained as, and/or converted into, ABR Loans or Eurodollar Revolving Credit Loans, provided that all Revolving Credit Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Revolving Credit Loans of the same Type and (vi) may be repaid and reborrowed in accordance with the provisions hereof. On the Revolving Credit Maturity Date, all outstanding Revolving Credit Loans shall be repaid in full. Any Revolving Loan outstanding under the Original Credit Agreement on the Effective Date shall continue to be outstanding and be deemed to be Revolving Loans made hereunder subject the terms and conditions hereof.

(c) Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, that (i) any exercise of such option shall not affect the obligation of the Borrower, as the case may be, to repay such Loan and (ii) in exercising such option, such Lender shall use its reasonable efforts to minimize any increased costs to the Borrower resulting therefrom (which obligation of the Lender shall not require it to take, or refrain from taking, actions that it determines would result in increased costs for which it will not be compensated hereunder or that it determines would be otherwise disadvantageous to it and in the event of such request for costs for which compensation is provided under this Agreement, the provisions of Section 2.10 shall apply).

(d) (i) Subject to and upon the terms and conditions herein set forth, the Swingline Lender in its individual capacity agrees, at any time and from time to time on and after the Closing Date and prior to the Swingline Maturity Date, to make a loan or loans (each, a "Swingline Loan") to the Borrower, which Swingline Loans (A) shall be ABR Loans, (B) shall have the benefit of the provisions of Section 2.1(e)(ii), (C) shall not exceed at any time outstanding the Swingline Commitment, (D) shall not, after giving effect thereto and to the application of the proceeds thereof, result at any time in the aggregate amount of all Lenders' Revolving Credit Exposures plus the aggregate principal amount outstanding of all Swingline Loans at such time exceeding the Total Revolving Credit Commitment then in effect and (E) may be repaid and reborrowed in accordance with the provisions hereof. On the Swingline Maturity Date, all outstanding Swingline Loans shall be repaid in full. The Swingline Lender shall not make any Swingline Loan after receiving a written notice from the Borrower or any Lender stating that a Default or an Event of Default exists and is continuing until such time as the Swingline Lender shall have received written notice of (x) rescission of all such notices from the party or parties originally delivering such notice or (y) the waiver of such Default or Event of Default in accordance with the provisions of Section 13.1. Any Swingline Loan outstanding under the Original Credit Agreement on the Effective Date shall continue to be outstanding and be deemed to be Swingline Loans made hereunder, subject to the terms and conditions hereunder.

(e) (ii) On any Business Day, the Swingline Lender may, in its sole discretion, give notice to the Lenders with Revolving Credit Commitments, with a copy to the Borrower, that all then-outstanding Swingline Loans shall be funded with a Borrowing of Revolving Credit Loans, in which case Revolving Credit Loans constituting ABR Loans (each such Borrowing, a "Mandatory Borrowing") shall be made on the immediately succeeding Business Day by all Lenders with Revolving Credit Commitments pro rata based on each such Lender's Revolving Credit Commitment Percentage, and the proceeds thereof shall be applied directly to the Swingline Lender to repay the Swingline Lender for such outstanding Swingline Loans. Each Lender with a Revolving Credit Commitment hereby irrevocably agrees to make such Revolving Credit Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified to it in writing by the Swingline Lender notwithstanding (i) that the amount of the Mandatory Borrowing may not comply with the minimum amount for each Borrowing specified in Section 2.2, (ii) whether any conditions specified in Section 7 are then satisfied, (iii) whether a Default or an Event of Default has occurred and is continuing, (iv) the date of such Mandatory Borrowing or (v) any reduction in the Total Commitment after any such Swingline Loans were made. In the event that, in the sole

judgment of the Swingline Lender, any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including as a result of the commencement of a proceeding under the Bankruptcy Code in respect of the Borrower), each Lender with a Revolving Credit Commitment hereby agrees that it shall forthwith purchase from the Swingline Lender (without recourse or warranty) such participation of the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon their respective Revolving Credit Commitment Percentages, provided that all principal and interest payable on such Swingline Loans shall be for the account of the Swingline Lender until the date the respective participation is purchased and, to the extent attributable to the purchased participation, shall be payable to the Lender purchasing same from and after such date of purchase.

2.2 Minimum Amount of Each Borrowing; Maximum Number of Borrowings. The aggregate principal amount of each Borrowing of Term Loans or Revolving Credit Loans shall be in a multiple of $1,000,000 and Swingline Loans shall be in a multiple of $100,000 and, in each case, shall not be less than the Minimum Borrowing Amount with respect thereto (except that Mandatory Borrowings shall be made in the amounts required by Section 2.1(e)). More than one Borrowing may be incurred on any date, provided that at no time shall there be outstanding more than 20 Borrowings of Eurodollar Loans under this Agreement.

2.3 Notice of Borrowing. (a) The Borrower shall give the Administrative Agent at the Administrative Agent's Office (i) prior to 1:00 p.m. (New York time) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Term Loans if all or any of such Term Loans are to be initially Eurodollar Loans, and (ii) prior written notice (or telephonic notice promptly confirmed in writing) prior to 10:00 a.m. (New York time) on the date of each Borrowing of Term Loans if all such Term Loans are to be ABR Loans. Such notice (together with each notice of a Borrowing of Revolving Credit Loans pursuant to Section 2.3(b) and each notice of a Borrowing of Swingline Loans pursuant to Section 2.3(d), a "Notice of Borrowing") shall specify (i) the aggregate principal amount of the Term Loans to be made, (ii) the date of the Borrowing (which shall be, in the case of Tranche C Term Loans, the Effective Date and, in the case of each Series of New Term Loans, the Increased Amount Date in respect of such Series) and (iii) whether the Term Loans shall consist of ABR Loans and/or Eurodollar Term Loans and, if the Term Loans are to include Eurodollar Term Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Term Loans, of such Lender's proportionate share thereof and of the other matters covered by the related Notice of Borrowing.

(b) Whenever the Borrower desires to incur Revolving Credit Loans hereunder (other than Mandatory Borrowings or borrowings to repay Unpaid Drawings under Letters of Credit), it shall give the Administrative Agent at the Administrative Agent's Office, (i) prior to 1:00 p.m. (New York Time) at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Eurodollar Revolving Credit Loans, and (ii) prior to 1:00 p.m. (New York time) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Revolving Credit Loans that are to be ABR Loans. Each such Notice of Borrowing, except as otherwise expressly provided in Section 2.10, shall specify (i) the aggregate principal amount of the Revolving Credit Loans to be made pursuant to such Borrowing, (ii) the date of Borrowing (which shall be a Business Day) and (iii) whether the respective Borrowing shall consist of ABR Loans or Eurodollar Revolving Credit Loans and, if Eurodollar Revolving Credit Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Revolving Credit Loans, of such Lender's proportionate share thereof and of the other matters covered by the related Notice of Borrowing.

(c) Whenever the Borrower desires to incur Swingline Loans hereunder, it shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Borrowing of Swingline Loans prior to 3:00 p.m. (New York time) or such later time as is agreed by the Swingline Lender on the date of such Borrowing. Each such notice shall

be irrevocable and shall specify (i) the aggregate principal amount of the Swingline Loans to be made pursuant to such Borrowing and (ii) the date of Borrowing (which shall be a Business Day). The Administrative Agent shall promptly give the Swingline Lender written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing of Swingline Loans and of the other matters covered by the related Notice of Borrowing.

(d) Mandatory Borrowings shall be made upon the notice specified in Section 2.1(e)(ii), with the Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of Mandatory Borrowings as set forth in such Section.

(e) Borrowings of Revolving Credit Loans to reimburse Unpaid Drawings under Letters of Credit shall be made upon the notice specified in Section 3.4(a).

(f) Without in any way limiting the obligation of the Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer of the Borrower. In each such case, the Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of any such telephonic notice.

(g) Any Continuing Lender that has converted some but not all of its Original Term Loans on the Effective Date shall be indemnified by the Borrower, with respect to the portion of the Original Term Loans not converted to Tranche C Term Loans, as provided in Section 2.11 of the Original Credit Agreement, which indemnity amounts shall be paid to each such Continuing Lender on the Effective Date; provided, however, if a Continuing Lender converts all of its Original Term Loans to an equivalent amount of Tranche C Term Loans on the Effective Date, the indemnification provided in Section 2.11 of the Original Credit Agreement shall not apply to such Lender on the Effective Date.

2.4 Disbursement of Funds. (a) No later than 2:00 p.m. (New York time) on the date specified in each Notice of Borrowing (including Mandatory Borrowings), each Lender will make available its pro rata portion, if any, of each Borrowing requested to be made on such date in the

manner provided below; provided, that all Swingline Loans shall be made available in the full amount thereof by the Swingline Lender no later than 3:00 p.m. (New York time) on the date requested.

(b) Each Lender shall make available all amounts it is to fund to the Borrower under any Borrowing in immediately available funds to the Administrative Agent at the Administrative Agent's Office and the Administrative Agent will (except in the case of Mandatory Borrowings and Borrowings to repay Unpaid Drawings under Revolving Credit Loans) make available to the Borrower, by depositing to an account designated by the Borrower to the Administrative Agent in writing, the aggregate of the amounts so made available in Dollars. Unless the Administrative Agent shall have been notified by any Lender prior to the date of any such Borrowing that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon

such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower, as the case may be, a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made available same to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower, to the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if paid by such Lender, the Federal Funds Effective Rate or (ii) if paid by the Borrower, the then-applicable rate of interest or fees, calculated in accordance with Section 2.8, for the respective Loans.

(c) Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to fulfill its commitments hereunder).

(d) Notwithstanding anything in this Section 2.4 to the contrary, at the option at each Continuing Lender, all or a portion of the Original Term Loans of such Continuing Lender may be converted to Tranche C Term Loans and applied toward satisfaction of its funding requirements set forth in clauses (a) and (b) above.

2.5 Repayment of Loans; Evidence of Debts. (a) The Borrower shall repay to the Administrative Agent, for the benefit of the applicable Lenders, (i) on the Tranche C Term Loan Maturity Date, all then outstanding Tranche C Term Loans, (ii) on the New Term Loan Maturity Date for New Term Loans of any Series, any then outstanding New Term Loans of such Series, (iii) on the Revolving Credit Maturity Date, all then outstanding Revolving Credit Loans and (iv) on the Swingline Maturity Date, all then outstanding Swingline Loans.

(b) The Borrower shall repay to the Administrative Agent, for the benefit of the Lenders of Tranche C Term Loans, on each date set forth below (each, a "Tranche C Term Loan Repayment Date"), a principal amount of the Tranche C Term Loans equal to (x) the principal amount of Tranche C Term Loans outstanding immediately after the Borrowing of Tranche C Term Loans on the Effective Date (as may be reduced by, and after giving effect to, any optional and mandatory prepayments made in accordance with the terms hereof) multiplied by (y) the percentage set forth below opposite such Tranche C Term Loan Repayment Date (each, a "Tranche C Term Loan Repayment Amount"):

Tranche C Term Loan Repayment Date	Tranche C Term Loan Repayment Amount
March 31, 2007	0.25%
June 30, 2007	0.25%

Tranche C Term Loan Repayment Date	Tranche C Term Loan Repayment Amount
September 30, 2007	0.25%
December 31, 2007	0.25%
March 31, 2008	0.25%
June 30, 2008	0.25%
September 30, 2008	0.25%
December 31, 2008	0.25%
March 31, 2009	0.25%
June 30, 2009	0.25%
September 30, 2009	0.25%
December 31, 2009	0.25%
March 31, 2010	0.25%
June 30, 2010	0.25%
September 30, 2010	0.25%
December 31, 2010	0.25%
March 31, 2011	0.25%
June 30, 2011	0.25%
September 30, 2011	0.25%

December 31, 2011	0.25%
March 31, 2012	0.25%
June 30, 2012	0.25%
September 30, 2012	0.25%
December 31, 2012	0.25%
March 31, 2013	0.25%
Tranche C Term Loan Maturity Date	93.75%

(c) In the event any New Term Loans are made, such New Term Loans shall be repaid on each New Term Loan Repayment Date occurring on or after the applicable Increased Amount Date in the amounts set forth in the applicable Joinder Agreement, subject to the requirements set forth in Section 2.14.

(d) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(e) The Administrative Agent shall maintain the Register pursuant to Section 13.6(b), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, whether such Loan is a Tranche C Term Loan, a New Term Loan, a Revolving Credit Loan, or a Swingline Loan, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender or the Swingline Lender hereunder and (iii) the amount of any sum received by the Administrative Agent from the Borrower and each Lender's share thereof.

(f) The entries made in the Register and accounts and subaccounts maintained pursuant to paragraphs (d) and (e) of this Section 2.5 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

2.6 Conversions and Continuations. (a) The Borrower shall have the option on any Business Day to convert all or a portion equal to at least the Minimum Borrowing Amount of the outstanding principal amount Tranche C Term Loans, New Term Loans or Revolving Credit Loans of one Type into a Borrowing or Borrowings of another Type and the Borrower shall have the option on any Business Day to continue the outstanding principal amount of any Eurodollar Tranche C Term Loans, Eurodollar New Term Loans or Eurodollar Revolving Credit Loans as Eurodollar Tranche C Term Loans, Eurodollar New Term Loans or Eurodollar Revolving Credit Loans, as the case may be, for an additional Interest Period; provided, that (i) no partial conversion of Eurodollar Tranche C Term Loans, Eurodollar New Term Loans or Eurodollar Revolving Credit Loans shall reduce the outstanding principal amount of Eurodollar Tranche C Term Loans, Eurodollar New Term Loans or Eurodollar Revolving Credit Loans made pursuant to a single Borrowing to less than the Minimum Borrowing Amount, (ii) ABR Loans may not be converted into Eurodollar Loans if a Default or an Event of Default is in existence on the date of the conversion and the Administrative Agent has, or the Required Lenders in respect of the Credit Facility that is the subject of such conversion have, determined in its or their sole discretion not to permit such conversion, (iii) Eurodollar Loans may not be continued as Eurodollar Loans for an additional Interest Period if a Default or an Event of Default is in existence on the date of the proposed continuation and the Administrative Agent has, or the Required Lenders in respect of the Credit Facility that is the subject of such conversion have, determined in its or their sole discretion not to permit such continuation and (iv) Borrowings resulting from conversions pursuant to this Section 2.6 shall be limited in number as provided in Section 2.2. Each such conversion or continuation shall be effected by the Borrower by giving the Administrative Agent at the applicable Administrative Agent's Office prior to 1:00 p.m. (New York time) at least three Business Days' (or one Business Day's notice in the case of a conversion into ABR Loans) prior written notice (or telephonic notice promptly confirmed in writing) (each, a "Notice of Conversion or Continuation") specifying the Loans to be so converted or continued, the Type of Loans to be converted or continued into and, if such Loans are to be converted into or continued as Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Lender notice as promptly as practicable of any such proposed conversion or continuation affecting any of its Loans.

(b) If any Default or Event of Default is in existence at the time of any proposed continuation of any Eurodollar Loans and the Required Lenders have determined in their sole discretion not to permit such continuation, Eurodollar Loans shall be automatically converted on the last day of the current Interest Period into ABR Loans. If upon the expiration of any Interest Period in respect of Eurodollar Loans, the Borrower has failed to elect a new Interest Period to be applicable thereto as provided in paragraph (a) above, the Borrower, shall be deemed to have elected to convert such Borrowing of Eurodollar Loans into a Borrowing of ABR Loans, effective as of the expiration date of such current Interest Period.

2.7 Pro Rata Borrowings. Each Borrowing of Tranche C Term Loans under this Agreement shall be granted by the Lenders pro rata on the basis of their then-applicable Tranche C Term Loan Commitments. Each Borrowing of Revolving Credit Loans under this Agreement shall be granted by the Lenders pro rata on the basis of their then-applicable Revolving Credit Commitments. Each Borrowing of New Term Loans under this Agreement shall be granted by the Lenders pro rata on the basis of their then applicable New Term Loan Commitments. It is understood that no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder.

2.8 Interest. (a) The unpaid principal amount of each ABR Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable ABR Margin plus the ABR in effect from time to time.

(b) The unpaid principal amount of each Eurodollar Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate per annum that shall at all times be the Applicable Eurodollar Margin in effect from time to time plus the relevant Eurodollar Rate.

(c) If all or a portion of the principal amount of any Loan or any interest payable thereon or any fees or other amounts due hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest (including post-petition interest in any proceeding under the Bankruptcy Code or other applicable bankruptcy laws) at a rate per annum that is (i) in the case of overdue principal, the rate that would otherwise be applicable thereto plus 2% or (ii) in the case of overdue interest, fees or other amounts due hereunder, to the extent permitted by Applicable Law, the rate described in Section 2.8(a) plus 2% from and including the date of such non-payment to but excluding the date on which such amount is paid in full (after as well as before judgment). All such interest shall be payable on demand.

(d) Interest on each Loan shall accrue from and including the date of any Borrowing to but excluding the date of any repayment thereof and shall be payable (i) in respect of each ABR Loan, quarterly in arrears on the last day of each March, June, September and December, (ii) in respect of each Eurodollar Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three-month intervals after the first day of such Interest Period, and (iii) in respect of each Loan (except, other than in the case of prepayments, any ABR Loan), on any prepayment (on the amount prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) All computations of interest hereunder shall be made in accordance with Section 5.5.

(f) The Administrative Agent, upon determining the interest rate for any Borrowing of Eurodollar Loans, shall promptly notify the Borrower and the relevant Lenders

thereof. Each such determination shall, absent clearly demonstrable error, be final and conclusive and binding on all parties hereto.

2.9 Interest Periods. At the time the Borrower gives a Notice of Borrowing or Notice of Conversion or Continuation in respect of the making of, or conversion into or continuation as, a Borrowing of Eurodollar Loans (in the case of the initial Interest Period applicable thereto) or prior to 1:00 p.m. (New York time) on the third Business Day prior to the expiration of an Interest Period applicable to a Borrowing of Eurodollar Loans, the Borrower shall have the right to elect, by giving the Administrative Agent written notice (or telephonic notice promptly confirmed in writing), the Interest Period applicable to such Borrowing, which Interest Period shall, at the option of the Borrower, be a one, two, three, six or (if available to all the Lenders making such Loans as determined by such Lenders in good faith based on prevailing market conditions) a nine or twelve month period; provided, that the initial Interest Period may be for a period less than one month if agreed upon by the Borrower and the Administrative Agent. Notwithstanding anything to the contrary contained above:

(i) the initial Interest Period for any Borrowing of Eurodollar Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of ABR Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period relating to a Borrowing of Eurodollar Loans begins on the last Business Day of a calendar month or begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period in respect of a Eurodollar Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and

(iv) the Borrower shall not be entitled to elect any Interest Period in respect of any Eurodollar Loan if such Interest Period would extend beyond the applicable Maturity Date of such Loan.

2.10 Increased Costs, Illegality, etc. (a) In the event that (x) in the case of clause (i) below, the Administrative Agent or (y) in the case of clauses (ii) and (iii) below, any Lender shall have reasonably determined (which determination shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the Eurodollar Rate for any Interest Period that (x) deposits in the principal amounts of the Loans comprising any Eurodollar Borrowing are not generally available in the relevant market or (y) by reason of any changes arising on or after the Closing Date affecting the interbank Eurodollar market, adequate and fair

means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loans (other than any such increase or reduction attributable to taxes) because of (x) any change since the date hereof in any applicable law, governmental rule, regulation, guideline or order (or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline or order), such as, for example, without limitation, a change in official reserve requirements, and/or (y) other circumstances affecting the interbank Eurodollar market or the position of such Lender in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has become unlawful by compliance by such Lender in good faith with any law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or has become impracticable as a result of a contingency occurring after the date hereof that materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall within a reasonable time thereafter give notice (if by telephone, confirmed in writing) to the Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist (which notice the Administrative Agent agrees to give at such time when such circumstances no longer exist), and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans that have not yet been incurred shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, promptly after receipt of written demand therefor such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 2.10(a)(ii) or (iii), the Borrower may (and in the case of a Eurodollar Loan affected pursuant to Section 2.10(a)(iii) shall) either (x) if the affected Eurodollar Loan is then being made pursuant to a Borrowing, cancel said Borrowing by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Lender pursuant to Section 2.10(a)(ii) or (iii) or (y) if

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the affected Eurodollar Loan is then outstanding, upon at least three Business Days' notice to the Administrative Agent, require the affected Lender to convert each such Eurodollar Loan into an ABR Loan, if applicable; provided, that if more than one Lender is affected at any time, then all affected Lenders must be treated in the same manner pursuant to this Section 2.10(b).

(c) If, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, the National Association of Insurance Commissioners, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Lender or its parent with any request or directive made or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, association, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or its parent's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's or its parent's policies with respect to capital adequacy), then from time to time, promptly after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to such compensation as a result of such Lender's compliance with, or pursuant to any request or directive to comply with, any such law, rule or regulation as in effect on the date hereof. Each Lender, upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower (on its own behalf) which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 2.13, release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(c) upon receipt of such notice.

(d) This Section 2.10 shall not apply to taxes to the extent duplicative of Section 5.4.

2.11 Compensation. If (a) any payment of principal of a Eurodollar Loan is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Eurodollar Loan as a result of a payment or conversion pursuant to Section 2.5, 2.6, 2.10, 5.1, 5.2 or 13.7, as a result of acceleration of the maturity of the Loans pursuant to Section 11 or for any other reason, (b) any Borrowing of Eurodollar Loans is not made as a result of a withdrawn Notice of Borrowing, (c) any ABR Loan is not converted into a Eurodollar Loan as a result of a withdrawn Notice of Conversion or Continuation, (d) any Eurodollar Loan is not continued as a Eurodollar Loan as a result of a withdrawn Notice of Conversion or Continuation or (e) any prepayment of principal of a Eurodollar Loan is not made as a result of a withdrawn notice of prepayment pursuant to Section 5.1 or 5.2, the Borrower shall, after receipt of a written request by such Lender (which request shall set forth in reasonable detail the basis for requesting such amount), 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 such Lender may reasonably incur as a result of such payment, failure to convert, failure to continue, failure to prepay, reduction or failure to reduce, including

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any loss, cost or expense (excluding loss of anticipated profits) actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Eurodollar Loan.

2.12 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.10(a)(ii), 2.10(a)(iii), 2.10(b), 3.5 or 5.4 with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event; provided, that such designation is made on such terms that such Lender and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 2.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Section 2.10, 3.5 or 5.4.

2.13 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Section 2.10, 2.11, 3.5 or 5.4 is given by any Lender more than 180 days after such Lender has knowledge (or should have had knowledge) of the occurrence of the event giving rise to the additional cost, reduction in amounts, loss, tax or other additional amounts described in such Sections, such Lender shall not be entitled to compensation under Section 2.10, 2.11, 3.5 or 5.4, as the case may be, for any such amounts incurred or accruing prior to the giving of such notice to the Borrower.

2.14 Incremental Facilities. (a) The Borrower may, by written notice to the Administrative Agent, elect to request, (x) the establishment of one or more new term loan commitments (the "New Term Loan Commitments") and/or (y) prior to the Revolving Credit Maturity Date, an increase to the existing Revolving Credit Commitments (but not the Letter of Credit Commitment or the Swingline Commitment) (any such increase, a "Revolving Credit Increase" and, together with the New Term Loan Commitments, the "New Commitments"), to effect the incurrence of Indebtedness permitted to be incurred pursuant to Section 10.1(v) in an amount not in excess of $125,000,000 in the aggregate and not less than $25,000,000 individually (or such lesser amount which shall be approved by the Administrative Agent, and integral multiples of $5,000,000 in excess of that amount). Each such notice shall specify the date (each, an "Increased Amount Date") on which the Borrower proposes that the New Commitments shall be effective, which shall be a date not less than 10 days after the date on which such notice is delivered to the Administrative Agent; provided, that the Borrower shall first offer the Lenders under the applicable existing Credit Facility, on a pro rata basis, the opportunity to provide all of the New Commitments prior to offering such opportunity to any other Person that is an eligible assignee pursuant to Section 13.6(b); provided, further, that any Lender offered or approached to provide all or a portion of the New Commitments may elect or decline, in its sole discretion, to provide a New Commitment. Such New Commitments shall become effective, as of such Increased Amount Date; provided, that (i) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such New Commitments; (ii) both before and after giving effect to the making of any Series of New Term Loans or Revolving Credit Increase, each of the conditions set forth in Section 7 shall be satisfied; (iii) the Borrower and its Subsidiaries shall be in pro forma compliance with each of the covenants set forth in Sections 10.9 and 10.10 as of the last day of the most recently ended fiscal quarter after giving effect to such New Commitments and any investment to be

consummated in connection therewith; (iv) the New Commitments shall be effected pursuant to one or more Joinder Agreements executed and delivered by the Borrower and the Administrative Agent, and each of which shall be recorded in the Register and shall be subject to the requirements set forth in Section 5.4(d); (v) the Borrower shall make any payments required pursuant to Section 2.11 in connection with the New Commitments, as applicable; and (vi) the Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction. Any New Term Loans made on an Increased Amount Date shall be designated as a separate series (a "Series") of New Term Loans for all purposes of this Agreement and the other Credit Documents.

(b) Upon each increase in the Revolving Credit Commitments pursuant to this Section, each Lender with a Revolving Credit Commitment immediately prior to such increase will automatically and without further act be deemed to have assigned to each Lender providing a portion of the Revolving Credit Increase (each a "Revolving Credit Increase Lender") in respect of such increase, and each such Revolving Credit Increase Lender will automatically and without further act be deemed to have assumed, a portion of such Lender's participations hereunder in outstanding Letters of Credit and Swingline Loans such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding (i) participations hereunder in Letters of Credit and (ii) participations hereunder in Swingline Loans held by each Lender with a Revolving Credit Commitment (including each such Revolving Credit Increase Lender) will equal the percentage of the aggregate Revolving Credit Commitments of all Lenders represented by such Lender's Revolving Credit Commitment. If, on the date of such increase, there are any Revolving Credit Loans outstanding, such Revolving Credit Loans shall on or prior to the effectiveness of such Revolving Commitment Increase be prepaid from the proceeds of additional Revolving Credit Loans made hereunder (reflecting such increase in Revolving Credit Commitments), which prepayment shall be accompanied by accrued interest on the Revolving Credit Loans being prepaid and any costs incurred by any Lender in accordance with Section 2.11. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(c) On any Increased Amount Date on which any New Term Loan Commitments of any Series are effective, subject to the satisfaction of the foregoing terms and conditions, (i) each Lender with a New Term Loan Commitment (each, a "New Term Loan Lender") of any Series shall make a loan to the Borrower (a "New Term Loan") in an amount equal to its New Term Loan Commitment of such Series, and (ii) each New Term Loan Lender of any Series shall become a Lender hereunder with respect to its New Term Loan Commitment of such Series and the New Term Loans of such Series made by such Lender pursuant thereto.

(d) The Administrative Agent shall notify the Lenders promptly upon receipt of the Borrower's notice of each Increased Amount Date and in respect thereof (i) the Series of New Term Loan Commitments and New Term Loan Lenders of such Series and the Revolving Credit Increase and Revolving Credit Increase Lenders and (ii) in the case of each notice to any Lender with Revolving Credit Exposure, the respective interests in such Lender's Revolving Credit Exposure subject to the assignments contemplated by clause (b) of this Section 2.14.

(e) The terms and provisions of the New Term Loans and New Term Loan Commitments of any Series shall be, except as otherwise set forth herein or in the Joinder Agreement, identical to the Tranche C Term Loans; provided, however, that (i) the New Term Loan Maturity Date for any Series shall be determined by the Borrower and the applicable New Term Loan Lenders and shall be set forth in the applicable Joinder Agreement; provided, that the applicable New Term Loan Maturity Date of each Series shall be no shorter than the final maturity of the Tranche C Term Loans and (ii) the rate of interest applicable to the New Term Loans of each Series shall be determined by the Borrower and the applicable New Term Loan Lenders and shall be set forth in the applicable Joinder Agreement.

(f) Each Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Credit Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.14.

SECTION 3. Letters of Credit

3.1 Issuance of Letters of Credit. (a) Subject to and upon the terms and conditions herein set forth, at any time and from time to time after the Closing Date and prior to the Revolving Credit Maturity Date, the Letter of Credit Issuer agrees to issue (or cause its Affiliate or other financial institution with which the Letter of Credit Issuer shall have entered into an agreement regarding the issuance of letters of credit hereunder, to issue on its behalf), upon the request of and for the account of, the Borrower or any Restricted Subsidiary a standby letter of credit or standby letters of credit (each, a "Letter of Credit") in such form as may be approved by the Letter of Credit Issuer in its reasonable discretion; provided, that the Borrower shall be a co-applicant, and be jointly and severally liable, with respect to each Letter of Credit issued for the account of a Restricted Subsidiary. Each letter of credit issued pursuant to the Original Credit Agreement and outstanding on the Effective Date shall continue to be outstanding and shall be deemed to be Letters of Credit hereunder, subject to the terms and conditions hereof. Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letters of Credit Outstanding at such time, would exceed the Letter of Credit Commitment then in effect, (ii) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letters of Credit Outstanding and the Revolving Credit Loans and Swingline Loans outstanding at such time, would exceed the Total Revolving Credit Commitment then in effect and (iii) each Letter of Credit shall have an expiration date occurring no later than the earlier of (x) one year after the date of issuance thereof, unless otherwise agreed upon by the Administrative Agent and the Letter of Credit Issuer, and (y) the fifth Business Day prior to the Revolving Credit Maturity Date; provided, however, that any Letter of Credit may be renewed for additional 12-month periods (which in no event shall extend beyond the date referred to in clause (iii)(y) above).

(b) (i) Each Letter of Credit shall be denominated in Dollars, (ii) no Letter of Credit shall be issued if it would be illegal under any applicable law for the beneficiary of the Letter of Credit to have a Letter of Credit issued in its favor, and (iii) no Letter of Credit shall be issued after the Letter of Credit Issuer has received a written notice from the Borrower or any Lender stating that a Default or an Event of Default has occurred and is continuing until such time as the Letter of Credit Issuer shall have received a written notice of (x) rescission of such

notice from the party or parties originally delivering such notice or (y) the waiver of such Default or Event of Default in accordance with the provisions of Section 13.1.

3.2 Letter of Credit Requests. (a) Whenever the Borrower desires that a Letter of Credit be issued for its account, it shall give the Administrative Agent and the Letter of Credit Issuer at least two (or such lesser number as may be agreed upon by the Administrative Agent and the Letter of Credit Issuer) Business Days' written notice thereof. Each notice shall be executed by the Borrower and shall be in the form of Exhibit F (each, a "Letter of Credit Request"). The Administrative Agent shall promptly transmit copies of each Letter of Credit Request to each Lender.

(b) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that the Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 3.1.

3.3 Letter of Credit Participations. (a) Immediately upon the issuance by the Letter of Credit Issuer of any Letter of Credit, the Letter of Credit Issuer shall be deemed to have sold and transferred to each other Lender that has a Letter of Credit Commitment (each such other Lender, in its capacity under this Section 3.3(a), a "Letter of Credit Participant"), and each such Letter of Credit Participant shall be deemed irrevocably and unconditionally to have purchased and received from the Letter of Credit Issuer, without recourse or warranty, an undivided interest and participation (each, a "Letter of Credit Participation"), to the extent of such Letter of Credit Participant's Revolving Credit Commitment Percentage in such Letter of Credit, each substitute letter of credit, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto, and any security therefor or guaranty pertaining thereto (although Letter of Credit Fees will be paid directly to the Administrative Agent for the ratable account of the Letter of Credit Participants as provided in Section 4.1(c) and the Letter of Credit Participants shall have no right to receive any portion of any Fronting Fees).

(b) In determining whether to pay under any Letter of Credit, the Letter of Credit Issuer shall have no obligation relative to the Letter of Credit Participants other than to confirm that any documents required to be delivered under such Letter of Credit have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Letter of Credit Issuer under or in connection with any Letter of Credit issued by it, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Letter of Credit Issuer any resulting liability.

(c) Whenever the Letter of Credit Issuer receives a payment in respect of an unpaid reimbursement obligation as to which the Administrative Agent has received for the account of the Letter of Credit Issuer any payments from the Letter of Credit Participants, the Letter of Credit Issuer shall pay to the Administrative Agent and the Administrative Agent shall promptly pay to each Letter of Credit Participant that has paid its Letter of Credit Commitment Percentage of such reimbursement obligation, in Dollars and in immediately available funds, an amount equal to such Letter of Credit Participant's share (based upon the proportionate aggregate amount originally funded or deposited by such Letter of Credit Participant to the

aggregate amount funded or deposited by all Letter of Credit Participants) of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective Letter of Credit Participations.

(d) The obligations of the Letter of Credit Participants to purchase Letter of Credit Participations from the Letter of Credit Issuer and make payments to the Administrative Agent for the account of the Letter of Credit Issuer with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including under any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, the Letter of Credit Issuer, any Lender or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default;

provided, however, that no Letter of Credit Participant shall be obligated to pay to the Administrative Agent for the account of the Letter of Credit Issuer its Letter of Credit Commitment Percentage of any unreimbursed amount arising from any wrongful payment made by the Letter of Credit Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of the Letter of Credit Issuer.

3.4 Agreement to Repay Letter of Credit Drawings. (a) The Borrower hereby agrees to reimburse the Letter of Credit Issuer, by making payment to the Administrative Agent for the account of the Letter of Credit Issuer in immediately available funds, for any payment or disbursement made by the Letter of Credit Issuer under any Letter of Credit issued by it (each such amount so paid until reimbursed, an "Unpaid Drawing") (i) within one Business Day of the date of such payment or disbursement, if the Letter of Credit Issuer provides notice to the Borrower of such payment or disbursement prior to 10:00 a.m. (New York time) on such next succeeding Business Day after the date of such payment or disbursement or (ii) if such notice is received after such time, on the Business Day following the date of receipt of such notice (such required date for reimbursement under clause (i) or (ii), as applicable, the "Required Reimbursement Date"), with interest on the amount so paid or disbursed by such Letter of Credit

Issuer, (A) from and including the date of such payment or disbursement to but excluding the Required Reimbursement Date, at the per annum rate for each day equal to (x) the Applicable Eurodollar Margin then in effect times (y) the amount of such Unpaid Drawing, and (B) to the extent not reimbursed prior to 5:00 p.m. (New York time) on the Required Reimbursement Date, from and including the Required Reimbursement Date to but excluding the date such Letter of Credit Issuer is reimbursed therefor, at a rate per annum that shall at all times be the relevant Applicable ABR Margin plus the ABR as in effect from time to time plus 2%; provided, that, notwithstanding anything contained in this Agreement to the contrary, with respect to any Letter of Credit, (i) unless the Borrower shall have notified the Administrative Agent and the Letter of Credit Issuer prior to 10:00 a.m. (New York time) on the Required Reimbursement Date that the Borrower intends to reimburse the Letter of Credit Issuer for the amount of such drawing with funds other than the proceeds of Revolving Credit Loans, the Borrower shall be deemed to have given a Notice of Borrowing requesting that the Lenders with Revolving Credit Commitments make Revolving Credit Loans (which shall be ABR Loans) on the date on which such drawing is honored in an amount equal to the amount of such drawing, and (ii) the Administrative Agent shall promptly notify each Letter of Credit Participant of such drawing and the amount of its Revolving Credit Loan to be made in respect thereof, and each Letter of Credit Participant shall be irrevocably obligated to make a Revolving Credit Loan to the Borrower in the manner deemed to have been requested in the amount of its Revolving Credit Commitment Percentage of the applicable Unpaid Drawing by 1:00 p.m. (New York time) on such Business Day by making the amount of such Revolving Credit Loan available to the Administrative Agent. Such Revolving Credit Loans shall be made without regard to the Minimum Borrowing Amount. The Administrative Agent shall use the proceeds of such Revolving Credit Loans solely for purpose of reimbursing the Letter of Credit Issuer for the related Unpaid Drawing.

(b) The obligations of the Borrower under this Section 3.4 to reimburse the Letter of Credit Issuer with respect to Unpaid Drawings (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment that the Borrower or any other Person may have or have had against the Letter of Credit Issuer, the Administrative Agent or any Lender (including in its capacity as a Letter of Credit Participant), including any defense based upon the failure of any drawing under a Letter of Credit (each a "Drawing") to conform to the terms of the Letter of Credit or any non-application or misapplication by the beneficiary of the proceeds of such Drawing; provided, that the Borrower shall not be obligated to reimburse the Letter of Credit Issuer for any wrongful payment made by the Letter of Credit Issuer under the Letter of Credit issued by it as a result of acts or omissions constituting willful misconduct or gross negligence on the part of the Letter of Credit Issuer.

3.5 Increased Costs. If, after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or actual compliance by the Letter of Credit Issuer or any Letter of Credit Participant with any request or directive made or adopted after the date hereof (whether or not having the force of law), by any such authority, central bank or comparable agency shall either (a) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by the Letter of Credit Issuer, or any Letter of Credit Participant's Letter of Credit Participation therein, or (b) impose

on the Letter of Credit Issuer or any Letter of Credit Participant any other conditions affecting its obligations under this Agreement in respect of Letters of Credit or Letter of Credit Participations therein or any Letter of Credit or such Letter of Credit Participant's Letter of Credit Participation therein, and the result of any of the foregoing is to increase the cost to the Letter of Credit Issuer or such Letter of Credit Participant of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by the Letter of Credit Issuer or such Letter of Credit Participant hereunder (other than any such increase or reduction attributable to taxes) in respect of Letters of Credit or Letter of Credit Participations therein, then, promptly after receipt of written demand to the Borrower by the Letter of Credit Issuer or such Letter of Credit Participant, as the case may be (a copy of which notice shall be sent by the Letter of Credit Issuer or such Letter of Credit Participant to the Administrative Agent), the Borrower shall pay to the Letter of Credit Issuer or such Letter of Credit Participant such additional amount or amounts as will compensate the Letter of Credit Issuer or such Letter of Credit Participant for such

increased cost or reduction, it being understood and agreed, however, that the Letter of Credit Issuer or a Letter of Credit Participant shall not be entitled to such compensation as a result of such Person's compliance with, or pursuant to any request or directive to comply with, any such law, rule or regulation as in effect on the date hereof. A certificate submitted to the Borrower by the Letter of Credit Issuer or a Letter of Credit Participant, as the case may be (a copy of which certificate shall be sent by the Letter of Credit Issuer or such Letter of Credit Participant to the Administrative Agent) setting forth in reasonable detail the basis for the determination of such additional amount or amounts necessary to compensate the Letter of Credit Issuer or such Letter of Credit Participant as aforesaid shall be conclusive and binding on the Borrower absent clearly demonstrable error.

3.6 New or Successor Letter of Credit Issuer. (a) The Letter of Credit Issuer may resign as a Letter of Credit Issuer upon 60 days' prior written notice to the Administrative Agent, the Lenders and the Borrower. The Borrower may replace the Letter of Credit Issuer for any reason upon written notice to the Administrative Agent and the Letter of Credit Issuer. The Borrower may add a Letter of Credit Issuer at any time upon notice to the Administrative Agent. If the Letter of Credit Issuer shall resign, be replaced or a new Letter of Credit Issuer is added as a Letter of Credit Issuer under this Agreement, then the Borrower may appoint from among the Lenders a successor issuer or new issuer of Letters of Credit or, with the consent of the Administrative Agent (such consent not to be unreasonably withheld), another successor issuer or new issuer of Letters of Credit, whereupon such successor issuer or new issuer of Letters of Credit shall succeed to or be granted the rights, powers and duties of a Letter of Credit Issuer under this Agreement and the other Credit Documents (which in the case of any successor Letter of Credit Issuer, shall mean the rights, powers and duties of the relevant replaced or resigning Letter of Credit Issuer), and the term "Letter of Credit Issuer" shall mean such successor issuer or such new issuer of Letters of Credit effective upon such appointment. At the time such resignation or replacement shall become effective, the Borrower shall pay to the resigning or replaced Letter of Credit Issuer all accrued and unpaid fees pursuant to Sections 4.1(b). The acceptance of any appointment as a Letter of Credit Issuer hereunder whether as a successor issuer or new issuer of Letters of Credit in accordance with this Agreement, shall be evidenced by an agreement entered into by such new or successor issuer of Letters of Credit, in a form satisfactory to the Borrower and the Administrative Agent and, from and after the effective date of such agreement, such new or successor issuer of Letters of Credit shall have all the rights and obligations of a Letter of Credit Issuer under this Agreement and the other Credit Documents

(which in the case of any successor Letter of Credit Issuer, shall mean the rights, powers and duties of the relevant replaced or resigning Letter of Credit Issuer). After the resignation or replacement of a Letter of Credit Issuer hereunder, the resigning or replaced Letter of Credit Issuer shall remain a party hereto and shall continue to have all the rights and obligations of a Letter of Credit Issuer under this Agreement and the other Credit Documents with respect to Letters of Credit issued by it prior to such resignation or replacement, but shall not be required to issue additional Letters of Credit. In connection with any resignation or replacement pursuant to this clause (a) (but, in case of any such resignation, only to the extent that a successor issuer of Letters of Credit shall have been appointed), either (i) the Borrower, the resigning or replaced Letter of Credit Issuer and the successor issuer of Letters of Credit shall arrange to have any outstanding Letters of Credit issued by the resigning or replaced Letter of Credit Issuer replaced with Letters of Credit issued by the successor issuer of Letters of Credit or (ii) the Borrower shall cause the successor issuer of Letters of Credit, if such successor issuer is reasonably satisfactory to the replaced or resigning Letter of Credit Issuer, to issue "back-stop" Letters of Credit naming the resigning or replaced Letter of Credit Issuer as beneficiary for each outstanding Letter of Credit issued by the resigning or replaced Letter of Credit Issuer, which new Letters of Credit shall have a face amount equal to the Letters of Credit being back-stopped and the sole requirement for drawing on such new Letters of Credit shall be a drawing on the corresponding back-stopped Letters of Credit. After any resigning or replaced Letter of Credit Issuer's resignation or replacement as Letter of Credit Issuer, the provisions of this Agreement relating to a Letter of Credit Issuer shall inure to its benefit as to any actions taken or omitted to be taken by it (A) while it was a Letter of Credit Issuer under this Agreement or (B) at any time with respect to Letters of Credit issued by such Letter of Credit Issuer.

(b) To the extent that there are, at the time of any resignation or replacement as set forth in clause (a) above, any outstanding Letters of Credit, nothing herein shall be deemed to impact or impair any rights and obligations of any of the parties hereto with respect to such outstanding Letters of Credit (including, without limitation, any obligations related to the payment of Fees or the reimbursement or funding of amounts drawn), except that the Borrower, the resigning or replaced Letter of Credit Issuer and the successor issuer of Letters of Credit shall have the obligations regarding outstanding Letters of Credit described in clause (a) above.

SECTION 4. Fees; Commitment Reductions and Terminations

4.1 Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender having a Revolving Credit Commitment, a commitment fee which shall accrue at percentage per annum set forth below of the daily average unused portion of the Revolving Credit Commitment of such Lender (which, for purposes of this Section 4.1 only, shall not include the incurrence of Swingline Loans) based upon the Status in effect on such date, and which shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Final Date.

Status	Applicable Revolving Commitment Fee Percentage
Level I	0.50%
Level II	0.375%

(b) The Borrower agrees to pay to the Administrative Agent for the account of the Letter of Credit Issuer a fee in respect of each Letter of Credit issued hereunder (the "Fronting Fee"), for the period from and including the date of issuance of such Letter of Credit to but excluding the termination or expiration date of such Letter of Credit, computed at the rate for each day equal to such rate per annum as is agreed in a separate writing between the Letter of Credit Issuer and the Borrower. The Fronting Fee shall be due and payable quarterly in arrears on the last day of each March, June, September and December and on the Final Date.

(c) The Borrower agrees to pay to the Administrative Agent for the account of each Lender having a Revolving Credit Commitment, pro rata according to the Letter of Credit Exposure of such Lender, a fee in respect of each Letter of Credit (the "Letter of Credit Fee"), for the period from and including the date of issuance of such Letter of Credit to but excluding the termination or expiration date of such Letter of Credit, computed

at the per annum rate for each day equal to (x) the Applicable Eurodollar Margin then in effect for Letters of Credit times (y) the average daily Stated Amount of such Letter of Credit. The Letter of Credit Fee shall be payable quarterly in arrears on the last day of each March, June, September and December and on the applicable Final Date.

(d) The Borrower agrees to pay directly to the Letter of Credit Issuer upon each issuance of, drawing under and/or amendment of a Letter of Credit issued by it such amount as the Letter of Credit Issuer and the Borrower shall have agreed upon for issuances of, drawings under or amendments of, letters of credit issued by it.

(e) Notwithstanding the foregoing, the Borrower shall not be obligated to pay any amounts to any Defaulting Lender pursuant to this Section 4.1 until the event or circumstances giving rise to such Lender being designated as a Defaulting Lender have been cured.

4.2 Voluntary Reduction of Commitments. Upon at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent at the Administrative Agent's Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, without premium or penalty, on any day, permanently to terminate or reduce the Revolving Credit Commitments in whole or in part; provided, that (i) any partial reduction pursuant to this Section 4.2 shall be in the amount of at least $1,000,000 and (ii) after giving effect to such termination or reduction and to any prepayments of Revolving Credit Loans or cancellation or cash collateralization of Letters of Credit made on the date thereof in accordance with this Agreement, the aggregate amount of the Lenders' Revolving Credit Exposures shall not exceed the Total Revolving Credit Commitment.

4.3 Mandatory Termination of Commitments. (a) The Total Tranche C Term Loan Commitment shall terminate at 5:00 p.m. (New York time) on the Effective Date.

(b) The Total Revolving Credit Commitment shall terminate at 5:00 p.m. (New York time) on the Revolving Credit Maturity Date.

(c) The Swingline Commitment shall terminate at 5:00 p.m. (New York time) on the Swingline Maturity Date.

(d) The New Term Loan Commitment for any Series shall terminate at 5:00 p.m. (New York time) on the Increased Amount Date for such Series.

SECTION 5. Payments

5.1 Voluntary Prepayments. The Borrower shall have the right to prepay Term Loans, Revolving Credit Loans and Swingline Loans, without premium or penalty, in whole or in part from time to time on the following terms and conditions: (a) the Borrower shall give the Administrative Agent at the Administrative Agent's Office written notice (or telephonic notice promptly confirmed in writing) of its intent to make such prepayment, the amount of such prepayment and in the case of Eurodollar Loans, the specific Borrowing(s) pursuant to which made, which notice shall be given by the Borrower no later than (i) in the case of Term Loans or Revolving Credit Loans, 1:00 p.m. (New York time) one Business Day prior to, or (ii) in the case of Swingline Loans, 1:00 p.m. (New York time) on, the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders or the Swingline Lender, as the case may be; (b) each partial prepayment of any Borrowing of Term Loans or Revolving Credit Loans shall be in a multiple of $100,000 and in an aggregate principal amount of at least $1,000,000 and each partial prepayment of Swingline Loans shall be in a multiple of $100,000 and in an aggregate principal amount of at least $100,000; provided, that no partial prepayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount for Eurodollar Loans; (c) any prepayment of Eurodollar Loans pursuant to this Section 5.1 on any day other than the last day of an Interest Period applicable thereto shall be subject to compliance by the Borrower with the applicable provisions of Section 2.11. Each prepayment in respect of any tranche of Term Loans pursuant to this Section 5.1 shall be applied to Term Loans in such manner as the Borrower may determine. At the Borrower's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loan of a Defaulting Lender.

5.2 Mandatory Prepayments. (a) Term Loan Prepayments. (i) On each occasion that a Prepayment Event occurs, the Borrower shall, within one Business Day after the occurrence of a Debt Incurrence Prepayment Event and within five Business Days after the receipt of Net Cash Proceeds in connection with the occurrence of any other Prepayment Event, prepay, in accordance with paragraphs (c) and (d) below, a principal amount of Term Loans in an amount equal to 100% of the Net Cash Proceeds from such Prepayment Event.

(ii) Not later than the date that is ninety days after the last day of any fiscal year (commencing with the fiscal year ending December 31, 2006), the Borrower shall

prepay, in accordance with paragraphs (c) and (d) below, a principal of Term Loans in an amount equal to (x) 50% of Excess Cash Flow for such fiscal year (provided such percentage shall be reduced to (i) 25% of Excess Cash Flow for such fiscal year so long as immediately prior to such prepayment, but without giving effect to such prepayment, the Borrower's ratio of Consolidated Total Debt on such prepayment date to Consolidated EBITDA for the most recent Test Period ended prior to such prepayment date is no greater than 5.00:1.00 and (ii) 0% of Excess Cash Flow for such fiscal year so long as immediately prior to such prepayment, but without giving effect to such prepayment, the Borrower's ratio of Consolidated Total Debt on such prepayment date to Consolidated EBITDA for the most recent Test Period ended prior to such prepayment date is no greater than 4.00:1.00, minus (y) the principal amount of Term Loans voluntarily prepaid pursuant to Section 5.1 during such fiscal year, other than the Original Term Loans prepaid on the Effective Date with the proceeds of the Tranche C Term Loans.

(b) Repayment of Revolving Credit Loans. If on any date the aggregate amount of the Lenders' Revolving Credit Exposures plus the aggregate principal amount of all Swingline Loans exceeds the Total Revolving Credit Commitment as then in effect, the Borrower shall forthwith repay on such date the principal amount of Swingline Loans and, after all Swingline Loans have been paid in full, Revolving Credit Loans in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Swingline Loans and Revolving Credit Loans, the aggregate amount of the Lenders' Revolving Credit Exposures exceed the Total Revolving Credit Commitment then in effect, the Borrower shall pay to the Administrative Agent an amount in cash equal to such excess and the Administrative Agent shall hold such payment for the benefit of the Lenders as security for the obligations of the Borrower hereunder (including obligations in respect of Letter of Credit Outstandings) pursuant to a cash collateral agreement to be entered into in form and substance satisfactory to the Administrative Agent (which shall permit certain investments in Permitted Investments satisfactory to the Administrative Agent, until the proceeds are applied to the secured obligations).

(c) Application to Repayment Amounts. Each prepayment of Term Loans required by Sections 5.2(a)(i) and (ii) shall be applied to reduce Tranche C Term Loan Repayment Amounts to the extent not declined under subclause (ii) below in direct order to the remaining Tranche C Term Loan Repayment Amounts. With respect to each such prepayment, (i) the Borrower will, not later than the date specified in Section 5.2(a) for offering to make such prepayment, give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent provide notice of such prepayment to each Lender of Term Loans, (ii) the Administrative Agent shall promptly provide notice of such prepayment to each Lender of Term Loans, (iii) each Lender of Term Loans will have the right to refuse any such prepayment by giving written notice of such refusal to the Borrower within fifteen Business Days after such Lender's receipt of notice from the Administrative Agent of such prepayment (and the Borrower shall not prepay any such Term Loans until the date that is specified in the immediately following clause), (iv) the Borrower will make all such prepayments not so refused upon the earlier of (x) such fifteenth Business Day and (y) such time as the Borrower has received notice from each Lender that it consents to or refuses such prepayment and (v) any prepayment so refused may be retained by the Borrower; provided, that any prepayment so refused that relates to Net Cash Proceeds from a Debt Incurrence Prepayment Event in respect of

the issuance of Permitted Additional Notes shall be allocated to the then outstanding Term Loans and shall be applied as set forth above in this paragraph (c).

(d) Application to Term Loans. With respect to each prepayment of Term Loans required by Section 5.2(a), the Borrower may designate the Types of Loans that are to be prepaid and the specific Borrowing(s) pursuant to which made; provided, that the Borrower pays any amounts, if any, required to be paid pursuant to Section 2.11 with respect to prepayments of Eurodollar Term Loans made on any date other than the last day of the applicable Interest Period. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its reasonable discretion with a view, but no obligation, to minimize breakage costs owing under Section 2.11.

(e) Application to Revolving Credit Loans. With respect to each prepayment of Revolving Credit Loans elected by the Borrower pursuant to Section 5.1 or required by Section 5.2(b), the Borrower may designate (i) the Types of Loans that are to be prepaid and the specific Borrowing(s) pursuant to which made and (ii) the Revolving Credit Loans to be prepaid; provided, that (x) Eurodollar Revolving Credit Loans may be designated for prepayment pursuant to this Section 5.2 only on the last day of an Interest Period applicable thereto unless all Eurodollar Loans with Interest Periods ending on such date of required prepayment and all ABR Loans have been paid in full; (y) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans; and (z) notwithstanding the provisions of the preceding clause (y), no prepayment made pursuant to Section 5.1 or Section 5.2(b) of Revolving Credit Loans shall be applied to the Revolving Credit Loans of any Defaulting Lender. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its reasonable discretion with a view, but no obligation, to minimize breakage costs owing under Section 2.11.

(f) Eurodollar Interest Periods. In lieu of making any payment pursuant to this Section 5.2 in respect of any Eurodollar Loan other than on the last day of the Interest Period therefor so long as no Default or Event of Default shall have occurred and be continuing, the Borrower at its option may deposit with the Administrative Agent an amount equal to the amount of the Eurodollar Loan to be prepaid and such Eurodollar Loan shall be repaid on the last day of the Interest Period therefor in the required amount. Such deposit shall be held by the Administrative Agent in a corporate time deposit account established on terms reasonably satisfactory to the Administrative Agent, earning interest at the then-customary rate for accounts of such type. Such deposit shall constitute cash collateral for the Specified Obligations, provided that the Borrower may at any time direct that such deposit be applied to make the applicable payment required pursuant to this Section 5.2.

(g) Minimum Amount. No prepayment shall be required pursuant to Section 5.2(a)(i) unless and until the amount at any time of Net Cash Proceeds from Prepayment Events required to be applied at or prior to such time pursuant to such Section and not yet applied at or prior to such time to prepay Term Loans pursuant to such Section exceeds (i) $5,000,000 for any single Prepayment Event or series of related Prepayment Events and (ii) $10,000,000 in the aggregate for all such Prepayment Events.

(h) Foreign Asset Sales. Notwithstanding any other provisions of this Section 5.2, (i) to the extent that any of or all the Net Cash Proceeds of any asset sale by a Restricted Foreign Subsidiary giving rise to an Asset Sale Prepayment Event (a "Foreign Asset Sale"), the Net Cash Proceeds of any Recovery Event from a Restricted Foreign Subsidiary (a "Foreign Recovery Event"), or Excess Cash Flow are prohibited or delayed by applicable local law from being repatriated to the United States, the portion of such Net Cash Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Term Loans at the times provided in this Section 5.2 but may be retained by the applicable Restricted Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Borrower hereby agreeing to cause the applicable Restricted Foreign Subsidiary to promptly take all actions required by the applicable local law to permit such repatriation), and once such repatriation of any of such affected Net Cash Proceeds or Excess Cash Flow is permitted under the applicable local law, such repatriation will be immediately effected and such repatriated Net Cash Proceeds or Excess Cash Flow will be promptly (and in any event not later than two Business Days after such repatriation) applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Term Loans pursuant to this Section 5.2 and (ii) to the extent that the Borrower has determined in good faith that repatriation of any of or all the Net Cash Proceeds of any Foreign Asset Sale, any Foreign Recovery Event or Excess Cash Flow would have a material adverse tax cost consequence with respect to such Net Cash Proceeds or Excess Cash Flow, the Net Cash Proceeds or Excess Cash

Flow so affected may be retained by the applicable Restricted Foreign Subsidiary; provided, that, in the case of this clause (ii), on or before the date on which any Net Cash Proceeds so retained would otherwise have been required to be applied to reinvestments or prepayments pursuant to Section 5.2(a) (or such Excess Cash Flow would have been so required if it were Net Cash Proceeds), (x) the Borrower applies an amount equal to such Net Cash Proceeds or Excess Cash Flow to such reinvestments or prepayments as if such Net Cash Proceeds or Excess Cash Flow had been received by the Borrower rather than such Restricted Foreign Subsidiary, less the amount of additional taxes that would have been payable or reserved against if such Net Cash Proceeds or Excess Cash Flow had been repatriated (or, if less, the Net Cash Proceeds or Excess Cash Flow that would be calculated if received by such Foreign Subsidiary) or (y) such Net Cash Proceeds or Excess Cash Flow are applied to the repayment of Indebtedness of a Restricted Foreign Subsidiary.

5.3 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made by the Borrower, without set-off, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Lenders entitled thereto, the Letter of Credit Issuer or the Swingline Lender, as the case may be, not later than 1:00 p.m. (New York time) on the date when due and shall be made in immediately available funds in Dollars at the Administrative Agent's Office, it being understood that written or facsimile notice by the Borrower to the Administrative Agent to make a payment from the funds in the Borrower's account at the Administrative Agent's Office shall constitute the making of such payment to the extent of such funds held in such account. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 2:00 p.m. (New York time) on such day) like funds relating to the payment of principal or interest or Fees ratably to the Lenders entitled thereto or to the Letter of Credit Issuer or the Swingline Lender, as applicable.

(b) For purposes of computing interest or fees, any payments under this Agreement that are made later than 2:00 p.m. (New York time) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

5.4 Net Payments. (a) Subject to the following sentence, all payments made by or on behalf of the Borrower under this Agreement or any other Credit Document shall be made free and clear of, and without deduction or withholding for or on account of, any current or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding (i) net income taxes, branch profits taxes, and franchise taxes (imposed in lieu of net income taxes) and capital taxes imposed on the Administrative Agent or any Lender and (ii) any taxes imposed on the Administrative Agent or any Lender as a result of a current or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable under this Agreement, the Borrower shall increase the amounts payable to the Administrative Agent or such Lender to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement; provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof (a "Non-U.S. Lender") if such Lender fails to comply with the requirements of paragraph (b) of this Section 5.4. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt (or other evidence acceptable to such Lender, acting reasonably) received by the Borrower showing payment thereof. If Non-Excluded Taxes are paid by any Lender, the Borrower shall indemnify such Lender for such Non-Excluded Taxes (including penalties, interest and reasonable expenses), whether or not such Non-Excluded Taxes are correctly or legally asserted; provided, however, that the Borrower shall not be obligated to indemnify any Lender for any interest, penalties or expenses arising from the indemnitee's gross negligence or willful misconduct. The agreements in this Section 5.4(a) shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Non-U.S. Lender shall:

(i) deliver to the Borrower and the Administrative Agent two copies of either (x) in the case of Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest",

United States Internal Revenue Service Form W-8BEN (together with a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), or (y) Internal Revenue Service Form W-8BEN or Form W-8ECI, in each case properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Borrower under this Agreement;

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;

unless in any such case any change in treaty, law or regulation has occurred prior to the date on which any such delivery would otherwise be required that renders any such form inapplicable or would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Each Person that shall become a Participant pursuant to Section 13.6 or a Lender pursuant to Section 13.6 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 5.4(b),

provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

(c) The Borrower shall not be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of U.S. Federal withholding tax pursuant to paragraph (a) above to the extent that (i) the obligation to withhold amounts with respect to U.S. Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Participant that is not organized under the laws of the United States of America or a state thereof (a "Non-U.S. Participant"), on the date such Non-U.S. Participant became a Participant hereunder); provided, however, that this clause (i) shall not apply to the extent that (x) the indemnity payments or additional amounts any Lender (or Participant) would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Lender (or Participant) would have been entitled to receive in the absence of such assignment, participation or transfer, or (y) such assignment, participation or transfer had been requested by the Borrower or, (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender or Non-U.S. Participant to comply with the provisions of paragraph (b) above or (iii) any of the representations or certifications made by a Non-U.S. Lender or Non-U.S. Participant pursuant to paragraph (b) above are incorrect at the time a payment hereunder is made, other than by reason of any change in treaty, law or regulation having effect after the date such representations or certifications were made.

(d) If the Borrower determines in good faith that a reasonable basis exists for contesting any taxes for which indemnification has been demanded hereunder, the relevant Lender or the Administrative Agent, as applicable, shall cooperate with such Borrower in challenging such taxes at Borrower's expense if so requested by Borrower. If any Lender or the Administrative Agent receives a refund of a tax for which a payment has been made by the Borrower pursuant to this Agreement, which refund in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is attributable to such payment made by such Borrower, then such Lender or the Administrative Agent, as the case may be, shall reimburse the Borrower for such amount (together with any interest received thereon) as such Lender or the Administrative Agent, as the case may be, reasonably determines to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse position than it would have been in if the payment had not been required. Any Lender or the Administrative Agent shall claim any refund that it determines is available to it, unless it concludes in its reasonable discretion that it would be adversely affected by making such a claim. Neither any Lender nor the Administrative Agent shall be obliged to disclose any information regarding its tax affairs or computations to the Borrower in connection with this paragraph (d) or any other provision of this Section 5.4.

(e) Each Lender represents and agrees that, on the date hereof and at all times during the term of this Agreement, it is not and will not be a conduit entity participating in a conduit financing arrangement (as defined in Section 7701(1) of the Code and the regulations thereunder) with respect to the Borrowings hereunder unless the Borrower has consented to such arrangement prior thereto.

5.5 Computations of Interest and Fees. (a) Interest on Eurodollar Loans and, except as provided in the next succeeding sentence, ABR Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. Interest on ABR Loans in respect of which the rate of interest is calculated on the basis of the Prime Rate and interest on overdue interest shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

(b) Fees and Letters of Credit Outstanding shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

5.6 Limit on Rate of Interest. (a) No Payment shall exceed Lawful Rate. Notwithstanding any other term of this Agreement, the Borrower shall not be obliged to pay any interest or other amounts under or in connection with this Agreement in excess of the amount or rate permitted under or consistent with any applicable law, rule or regulation.

(b) Payment at Highest Lawful Rate. If the Borrower is not obliged to make a payment which it would otherwise be required to make, as a result of Section 5.6(a), the Borrower shall make such payment to the maximum extent permitted by or consistent with applicable laws, rules and regulations.

(c) Adjustment if any Payment exceeds Lawful Rate. If any provision of this Agreement or any of the other Credit Documents would obligate the Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate

which would be prohibited by any applicable law, rule or regulation, then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law (in the case of the Borrower), such adjustment to be effected, to the extent necessary, as follows:

(i) firstly, by reducing the amount or rate of interest required to be paid by the Borrower to the affected Lender under Section 2.8; and

(ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid by the Borrower to the affected Lender.

Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from the Borrower an amount in excess of the maximum permitted by any applicable law, rule or regulation, then the Borrower shall be entitled, by notice in writing to the Administrative Agent, to obtain reimbursement from such Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by such Lender to the Borrower.

SECTION 6. Conditions Precedent to Effective Date

The occurrence of the borrowing of Tranche C Term Loans under this Agreement is subject to the satisfaction of the following conditions precedent:

6.1 Credit Documents. The Administrative Agent shall have received:

(a) this Agreement, executed and delivered by (i) a duly authorized officer of each of Holdings and the Borrower, (ii) each Agent, (iii) each Term Lender that is not a Continuing Lender, (iv) the Administrative Agent on behalf of each Continuing Lender that has executed and delivered a Lender Consent Letter agreeing to the convert all or a portion of such Lender's Original Term Loans to Tranche C Term Loans; and

(b) the Reaffirmation Agreement, executed and delivered by a duly authorized officer of each of Holdings, the Borrower and each other Guarantor as of the Effective Date.

6.2 Collateral. All documents and instruments, including Uniform Commercial Code or other applicable personal property security financing statements, required to be filed, registered or recorded to continue the Liens intended to be continued by the Security Documents, and with the priority required by the Security Documents shall have been filed, registered or recorded or delivered to the Collateral Agent for filing, registration or recording.

6.3 Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(a) the legal opinion of Simpson Thacher & Bartlett LLP, special New York counsel to Holdings, the Borrower and its Subsidiaries, substantially in the form of Exhibit G-1;

(b) the legal opinion of Ropes & Gray LLP, special Massachusetts counsel to LPL Holdings, Inc., substantially in the form of Exhibit G-2;

(c) the legal opinion of Kirkpatrick & Lockhart Nicholson Graham LLP, special HUD regulatory counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit G-4; and

(d) the legal opinion of Bingham McCutcheon LLP, special broker-dealer regulatory counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit G-5.

6.4 No Defaults; Representations and Warranties. After giving effect to each Credit Event occurring on the Effective Date, and the other transactions contemplated hereby to occur on or prior to the Effective Date, (a) no Default or Event of Default shall have occurred and be continuing and (b) all representations and warranties made on the Effective Date by any Credit Party contained herein or in the other Credit Documents shall be true and correct as of the Effective Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct as of such earlier date).

6.5 Consent. (a) The Administrative Agent shall have received written consents from the Lenders (as defined in the Original Credit Agreement) which constitute Required Lenders (as defined in the Original Credit Agreement) under the Original Credit Agreement to the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (it being agreed that the entering into this Agreement by a Lender shall constitute such written consent); and

(b) the Administrative Agent shall have received reasonably satisfactory evidence that the outstanding principal amount of, and all accrued and unpaid interest and other amounts due and payable on, the Original Term Loans (except for continuing indemnity obligations which survive the prepayment of such Original Term Loans) shall have been paid in full with the proceeds of the Tranche C Term Loans or by the Borrower.

6.6 Effective Date Certificates. The Administrative Agent shall have received a certificate of each Person that is a Credit Party as of the Effective Date, dated the Effective Date, substantially in the form of Exhibit H, with appropriate insertions, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Credit Party, and attaching the documents referred to in Sections 6.7 and 6.8 (if applicable).

6.7 Corporate Proceedings. The Administrative Agent shall have received a copy of the resolutions, in form and substance reasonably satisfactory to the Administrative Agent, of the Board of Directors or other governing body, as applicable, of each Person that is a Credit Party as of the Effective Date (or a duly authorized committee thereof) authorizing (a) the execution, delivery and performance of the Credit Documents (and any agreements relating thereto) to which it is a party and (b) in the case of the Borrower, the extensions of credit contemplated hereunder; provided that, in lieu of delivery of each of the resolutions set forth in this Section 6.7, each applicable Credit Party may deliver a certificate executed by the President or any Vice President of such Credit Party certifying that there have

been no material amendments to those resolutions previously delivered to the Administrative Agent on the Closing Date pursuant to Section 6.10 of the Original Credit Agreement.

6.8 Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of incorporation and by laws (or equivalent organizational documents) of each Person that is a Credit Party as of the Effective Date; provided that, in lieu of delivery of each of the documents set forth in this Section 6.8, each applicable Credit Party may deliver a certificate executed by the President or any Vice

President of such Credit Party certifying that there have been no material amendments to those documents previously delivered to the Administrative Agent on the Closing Date pursuant to Section 6.11 of the Original Credit Agreement.

6.9 Fees and Expenses. The fees in the amounts previously agreed in writing by the Agents and the Lenders to be received on the Effective Date and all reasonable out-of-pocket expenses (including the reasonable fees, disbursements and other charges of counsel) for which invoices have been presented on or prior to the Effective Date shall have been paid.

6.10 Solvency Certificate. The Administrative Agent shall have received a certificate from the chief financial officer of the Borrower in form, scope and substance reasonably satisfactory to Administrative Agent, with appropriate attachments and demonstrating that after giving effect to the transactions contemplated hereby, the Borrower and its Subsidiaries, taken as a whole, are Solvent.

SECTION 7. Additional Conditions Precedent

7.1 No Default; Representations and Warranties. The agreement of each Lender to make any Loan requested to be made by it on any date after the date of the initial Credit Event (excluding Mandatory Borrowings) and the obligation of the Letter of Credit Issuer to issue Letters of Credit on any date after the date of the Effective Date is subject to the satisfaction of the condition precedent that at the time of each such Credit Event and also after giving effect thereto (a) no Default or Event of Default shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date). The acceptance of the benefits of each Credit Event shall constitute a representation and warranty by each Credit Party to each of the Lenders that the conditions contained in this Section 7.1 have been met as of such date.

7.2 Notice of Borrowing; Letter of Credit Request. (a) Prior to the making of each Term Loan, each Revolving Credit Loan (other than any Revolving Credit Loan made pursuant to Section 3.4(a)) and each Swingline Loan, the Administrative Agent shall have received a Notice of Borrowing (whether in writing or by telephone) meeting the requirements of Section 2.3.

(b) Prior to the issuance of each Letter of Credit, the Administrative Agent and the Letter of Credit Issuer shall have received a Letter of Credit Request meeting the requirements of Section 3.2(a).

SECTION 8. Representations, Warranties and Agreements

In order to induce the Lenders to enter into this Agreement, make the Loans and issue or participate in Letters of Credit as provided for herein, each of Holdings and the Borrower make the following representations and warranties to, and agreements with, the Lenders, all of which shall survive the execution and delivery of this Agreement, the making of the Loans and the issuance of the Letters of Credit:

8.1 Corporate Status. Holdings, the Borrower and each Material Subsidiary (a) is a duly organized and validly existing corporation or other entity in good standing under the laws of the jurisdiction of its organization and has the corporate or other organizational power and authority to own its property and assets and to transact the business in which it is engaged and (b) has duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified, except where the failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

8.2 Corporate Power and Authority. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

8.3 No Violation. None of (a) the execution, delivery and performance by any Credit Party of the Credit Documents to which it is a party and compliance with the terms and provisions thereof, or (b) the consummation of the other transactions contemplated hereby or thereby on the relevant dates therefor will (i) contravene any applicable provision of any material law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (ii) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any of the Borrower or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents) pursuant to, the terms of any material indenture (including the Senior Unsecured Subordinated Note Indenture), loan agreement, lease agreement, mortgage, deed of trust, agreement or other material instrument to which Holdings, the Borrower or any of their Restricted Subsidiaries is a party or by which they or any of their property or assets is bound or (iii) violate any provision of the certificate of incorporation, By-Laws or other constitutional documents of Holdings, the Borrower or any of their Restricted Subsidiaries.

8.4 Litigation. There are no actions, suits or proceedings (including Environmental Claims) pending or, to the knowledge of Holdings, threatened with respect to Holdings or any of its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect.

8.5 Margin Regulations. Neither the making of any Loan hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, U or X of the Board.

8.6 Governmental Approvals. Except as set forth in Schedule 8.6, no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority is required to authorize or is required in connection with (a) the execution, delivery and performance of any Credit Document or (b) the legality, validity, binding effect or enforceability of any Credit Document, except, in the case of either clause (a) or clause (b), the failure to obtain or make any of the foregoing could not reasonably be expected to have a Material Adverse Effect.

8.7 Investment Company Act. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

8.8 True and Complete Disclosure. (a) None of the factual information and data (taken as a whole) furnished by Holdings, any of its Subsidiaries or any of their respective authorized representatives in writing to any Agent or any Lender on or before the Effective Date (including (i) the Confidential Information Memorandum and (ii) all information contained in the Credit Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein contained any untrue statement of material fact or omitted to state any material fact necessary to make such information and data (taken as a whole) not materially misleading at such time in light of the circumstances under which such information or data was furnished, it being understood and agreed that for purposes of this Section 8.8(a), such factual information and data shall not include projections and pro forma financial information.

(b) The projections and pro forma financial information contained in the information and data referred to in paragraph (a) above were prepared in good faith based upon assumptions believed by such Persons to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results.

8.9 Financial Condition; Financial Statements. The Historical Financial Statements, in each case present or will, when provided, present fairly in all material respects the financial position and results of operations of the Borrower and its Subsidiaries at the respective dates of such information and for the respective periods covered thereby subject, in the case of the unaudited financial information, to changes resulting from audit, normal year end audit adjustments and the absence of footnotes. The Historical Financial Statements have been prepared in accordance with GAAP consistently applied except to the extent provided in the notes thereto. There has been no Material Adverse Change since December 31, 2004, other than solely as a result of changes in general economic conditions.

8.10 Tax Returns and Payments, etc. Holdings and its Subsidiaries have filed all Federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by them and have paid all material taxes and assessments payable by them that have become due, other than those not yet delinquent or contested in good faith. Holdings and its Subsidiaries have paid, or have provided adequate reserves (in the good faith judgment of the management of the Borrower) in accordance with GAAP for the payment of, all material Federal, state and foreign income taxes applicable for all prior fiscal years and for the current fiscal year to the Effective Date.

8.11 Compliance with ERISA. Each Plan is in compliance with ERISA, the Code and any Applicable Law; no Reportable Event has occurred (or is reasonably likely to occur) with respect to any Plan; no Plan is insolvent or in reorganization (or is reasonably likely to be insolvent or in reorganization), and no written notice of any such insolvency or reorganization has been given to any of the Borrower, any Subsidiary thereof or any ERISA Affiliate; no Plan (other than a multiemployer plan) has an accumulated or waived funding deficiency (or is reasonably likely to have such a deficiency); none of Holdings, any Subsidiary thereof or any ERISA Affiliate has incurred (or is reasonably likely expected to incur) any liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code or has been notified in writing that it will incur any liability under any of the foregoing Sections with respect to any Plan; no proceedings have been instituted (or are reasonably likely to be instituted) to terminate or to reorganize any Plan or to appoint a trustee to administer any Plan, and no written notice of any such proceedings has been given to any of Holdings, any Subsidiary thereof or any ERISA Affiliate; and no lien imposed under the Code or ERISA on the assets of any of the Borrower, any Subsidiary thereof or any ERISA Affiliate exists (or is reasonably likely to exist) nor has Holdings, any Subsidiary thereof or any ERISA Affiliate been notified in writing that such a lien will be imposed on the assets of any of Holdings, any Subsidiary thereof or any ERISA Affiliate on account of any Plan, except to the extent that a breach of any of the representations, warranties or agreements in this Section 8.11 would not result, individually or in the aggregate, in an amount of liability that would be reasonably likely to have a Material Adverse Effect or relates to any matter disclosed in the financial statements of the Borrower contained in the Confidential Information Memorandum. No Plan (other than a multiemployer plan) has an Unfunded Current Liability that would, individually or when taken together with any other liabilities referenced in this Section 8.11, be reasonably likely to have a Material Adverse Effect. With respect to Plans that are multiemployer plans (as defined in Section 3(37) of ERISA), the representations and warranties in this Section 8.11, other than any made with respect to (a) liability under Section 4201 or 4204 of ERISA or (b) liability for termination or reorganization of such Plans under ERISA, are made to the best knowledge of the Borrower.

8.12 Subsidiaries. On the Effective Date, Holdings does not have any Subsidiaries other than the Subsidiaries listed on Schedule 8.12. Schedule 8.12 describes the direct and indirect ownership interest of Holdings in each Subsidiary as of the Effective Date. To the knowledge of Holdings, after due inquiry, each Material Subsidiary and Specified Subsidiary as of the Effective Date has been so designated on Schedule 8.12.

8.13 Patents, etc. The Borrower and each of the Restricted Subsidiaries have obtained all patents, trademarks, servicemarks, trade names, copyrights, licenses and other

rights, free from burdensome restrictions, that are necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, except where the failure to obtain any such rights could not reasonably be expected to have a Material Adverse Effect.

8.14 Environmental Laws. (a) Except as could not reasonably be expected to have a Material Adverse Effect, (i) Holdings and each of its Subsidiaries are in compliance with all Environmental Laws in all jurisdictions in which Holdings and each of its Subsidiaries are currently doing business (including having obtained all material permits required under Environmental Laws) and (ii) neither Holdings nor any of its Subsidiaries has become subject to any Environmental Claim or any other liability under any Environmental Law.

(b) Neither Holdings nor any of its Subsidiaries has treated, stored, transported, released or disposed of Hazardous Materials at or from any currently or formerly owned Real Estate or facility relating to its business in a manner that could reasonably be expected to have a Material Adverse Effect.

8.15 Properties, Assets and Rights. Holdings and each of its Subsidiaries have good and marketable title to or valid leasehold interest in all properties that are necessary for the operation of their respective businesses as currently conducted and as proposed to be conducted, free and clear of all Liens (other than Liens permitted by Section 10.2) and except where the failure to have such good title could not reasonably be expected to have a Material Adverse Effect. As of the Effective Date, Holdings and each of its Subsidiaries possess or have the right to use, under contract or otherwise, all assets and rights that are material to the operation of their respective businesses as currently conducted and as proposed to be conducted.

8.16 Certain Fees. Except with respect to the Arranger and the Agents, no broker's or finder's fee or commission will be payable by any Credit Party with respect hereto or any of the transactions contemplated hereby.

8.17 Solvency. On the Effective Date after giving effect to the transactions contemplated hereby, the Credit Parties, on a consolidated basis, are Solvent.

8.18 Capital Stock. The Capital Stock of each of Holdings and its Domestic Subsidiaries has been duly authorized and validly issued and, with respect to Holdings, the Borrower and each Domestic Subsidiary that is a corporation, is fully paid and non assessable. Except as set forth on Schedule 8.18, as of the Effective Date, there is no existing option, warrant, call, right, commitment or other agreement to which Holdings or any of its Subsidiaries is a party requiring, and there is no membership interest or other Capital Stock of Holdings or any of its Subsidiaries outstanding which upon conversion or exchange would require, the issuance by Holdings or any of its Subsidiaries of any additional membership interests or other Capital Stock of Holdings or any of its Subsidiaries or other Securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Capital Stock of Holdings or any of its Subsidiaries.

8.19 No Defaults. Neither Holdings nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations (other than Contractual Obligations in

respect of Indebtedness), and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

8.20 Employee Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any of Holdings, the Borrower or its Subsidiaries pending or, to the knowledge of Holdings or the Borrower, threatened; (b) hours worked by and payment made to employees of each of Holdings, the Borrower or its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other Applicable Laws dealing with such matters; and (c) all payments due from any of Holdings, the Borrower or its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant party.

8.21 Senior Indebtedness. The Obligations constitute "Senior Indebtedness" under and as defined in the Senior Unsecured Subordinated Indenture. The obligations of each Guarantor under the Guarantee constitute "Guarantor Senior Indebtedness" of such Guarantor under and as defined in the Senior Unsecured Subordinated Indenture.

8.22 Patriot Act. To the extent applicable, as of the Effective Date, each Credit Party is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 9. Affirmative Covenants

Each of Holdings and the Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Commitments and all Letters of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions satisfactory to the Letter of Credit Issuer following the termination of the Commitments) and the Loans and Unpaid Drawings, together with interest, Fees and all other Obligations (excluding contingent indemnification obligations or Obligations with respect to Hedging Agreements) incurred hereunder, are paid in full:

9.1 Information Covenants. The Borrower will furnish to the Administrative Agent for further delivery to each Lender:

(a) Annual Financial Statements. As soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC (or, if such financial statements are not required to be filed with the SEC, on or before the date that is

90 days after the end of each such fiscal year), the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statement of operations and cash flows for such fiscal year, setting forth comparative consolidated figures for the preceding fiscal year, and certified by independent certified public accountants of recognized national standing whose opinion shall not be qualified as to the scope of audit or as to the status of the Borrower or any of the Material Subsidiaries as a going concern, together in any event with a certificate of such accounting firm stating that in the course of its regular audit of the business of the Borrower and the Material Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of any Default or Event of Default relating to Section 10.9 or 10.10 that has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof. Notwithstanding the foregoing, the obligations in this clause (a) may be satisfied with respect to financial information of the Borrower and the Restricted Subsidiaries by furnishing (A) the applicable financial statements of Holdings (or any direct or indirect parent of Holdings) or (B) the Borrower's or Holdings' (or any direct or indirect parent thereof), as applicable, Form 10-K or 10-Q, as applicable, filed with the SEC; provided, that, with respect to each of clauses (A) and (B), to the extent such information relates to Holdings (or a parent thereof), such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or such parent), on the one hand, and the information relating to the Borrower and the Restricted Subsidiaries on a standalone basis, on the other hand.

(b) Quarterly Financial Statements. As soon as available and in any event on or before the date on which such financial statements are required to be filed with the SEC with respect to each of the first three quarterly accounting periods in each fiscal year of the Borrower (or, if such financial statements are not required to be filed with the SEC, on or before the date that is 45 days after the end of each such quarterly accounting period), the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such quarterly period and the related consolidated statement of operations for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and the related consolidated statement of cash flows for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related periods in the prior fiscal year or, in the case of such consolidated balance sheet, for the last day of the prior fiscal year, all of which shall be certified by an Authorized Officer of the Borrower, subject to changes resulting from audit, normal year-end audit adjustments and the absence of footnotes. Notwithstanding the foregoing, the obligations in this clause (b) may be satisfied with respect to financial information of the Borrower and the Restricted Subsidiaries by furnishing (A) the applicable financial statements of Holdings (or any direct or indirect parent of Holdings) or (B) the Borrower's or Holdings' (or any direct or indirect parent thereof), as applicable, Form 10-K or 10-Q, as applicable, filed with the SEC; provided, that, with respect to each of clauses (A) and (B), to the extent such information relates to Holdings (or a parent thereof), such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or such parent), on the one hand, and the information relating to the Borrower and the Restricted Subsidiaries on a standalone basis, on the other hand.

(c) Budgets. Within 60 days after the commencement of each fiscal year of the Borrower, a budget of the Borrower and its Subsidiaries in reasonable detail for the fiscal year as customarily prepared by management of the Borrower for its internal use consistent in scope with the financial statements provided pursuant to Section 9.1(a), setting forth the principal assumptions upon which such budget is based.

(d) Officer's Certificates. At the time of the delivery of the financial statements provided for in Sections 9.1(a) and (b), a certificate of an Authorized Officer of the Borrower to the effect that no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof, which certificate shall set forth (i) the calculations required to establish whether the Borrower and its Subsidiaries were in compliance with the provisions of Sections 10.9 and 10.10 as at the end of such fiscal year or period, as the case may be, (ii) a specification of any change in the identity of the Restricted Subsidiaries, Unrestricted Subsidiaries and Foreign Subsidiaries as at the end of such fiscal year or period, as the case may be, from the Restricted Subsidiaries, Unrestricted Subsidiaries and Foreign Subsidiaries, respectively, provided to the Lenders on the Effective Date or the most recent fiscal year or period, as the case may be, (iii) the then applicable Status and (iv) the amount of any Pro Forma Adjustment not previously set forth in a Pro Forma Adjustment Certificate or any change in the amount of a Pro Forma Adjustment set forth in any Pro Forma Adjustment Certificate previously provided and, in either case, in reasonable detail, the calculations and basis therefor. At the time of the delivery of the financial statements provided for in Section 9.1(a), (i) a certificate of an Authorized Officer of the Borrower setting forth in reasonable detail the calculation of the Available Amount as at the end of the fiscal year to which such financial statements relate and (ii) a certificate of an Authorized Officer and the chief legal officer of the Borrower setting forth the information required pursuant to Section 2 of the Perfection Certificate or confirming that there has been no change in such information since the Closing Date or the date of the most recent certificate delivered pursuant to this subsection (d), as the case may be.

(e) Notice of Default or Litigation. Promptly after an Authorized Officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, notice of (i) the occurrence of any event that constitutes a Default or an Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto, and (ii) any litigation or governmental proceeding pending against the Borrower or any of its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect.

(f) Environmental Matters. Promptly after obtaining knowledge of any one or more of the following environmental matters, unless such environmental matters would not, individually or when aggregated with all other such matters, be reasonably expected to result in a Material Adverse Effect:

(i) any pending or threatened Environmental Claim against Holdings or any of its Subsidiaries or any Real Estate;

(ii) any condition or occurrence on any Real Estate that (x) results in noncompliance by Holdings or any of its Subsidiaries with any applicable Environmental Law or

(y) could reasonably be anticipated to form the basis of an Environmental Claim against Holdings or any of its Subsidiaries or any Real Estate;

(iii) any condition or occurrence on any Real Estate that could reasonably be anticipated to cause such Real Estate to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Estate under any Environmental Law; and

(iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Estate.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal, remedial action and the response thereto. The term "Real Estate" shall mean land, buildings and improvements owned or leased by Holdings or any of its Subsidiaries, but excluding all operating fixtures and equipment, whether or not incorporated into improvements.

(g) Other Information. Promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Government Authority in any relevant jurisdiction by Holdings or any of its Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Administrative Agent for further delivery to the Lenders), exhibits to any registration statement and, if applicable, any registration statements on Form S-8) and copies of all financial statements, proxy statements, notices and reports that Holdings or any of its Subsidiaries shall send to the holders of any publicly issued debt of Holdings and/or any of its Subsidiaries (including the Senior Unsecured Subordinated Notes (whether publicly issued or not)) in their capacity as such holders (in each case to the extent not theretofore delivered to the Administrative Agent for further delivery to the Lenders pursuant to this Agreement) and, with reasonable promptness, such other information (financial or otherwise) as the Administrative Agent on its own behalf or on behalf of any Lender may reasonably request in writing from time to time.

(h) Pro Forma Adjustment Certificate. Not later than any date on which financial statements are delivered with respect to any six-quarter period in which a Pro Forma Adjustment is made as a result of the consummation of the acquisition of any Acquired Entity or Business by the Borrower or any Restricted Subsidiary for which there shall be a Pro Forma Adjustment, a certificate of an Authorized Officer of the Borrower setting forth the amount of such Pro Forma Adjustment and, in reasonable detail, the calculations and basis therefor.

9.2 Books, Records and Inspections. Holdings and the Borrower will, and will cause each of their Subsidiaries to, conduct meetings with the Borrower (which meetings, unless an Event of Default has occurred and is continuing, shall only occur once per calendar year and may be conducted via teleconference), permit (to the extent that it is within such party's control to permit such inspection) officers and designated representatives of the Administrative Agent or the Required Lenders (coordinated through the Administrative Agent) to visit and inspect any of the properties or assets of Holdings, the Borrower and any such Subsidiary in whomsoever's possession, and to examine the books of account of Holdings, the

Borrower and any such Subsidiary (other than materials protected by attorney-client privilege) and discuss the affairs, finances and accounts of Holdings, the Borrower and any such Subsidiary with, and be advised as to the same by, its and their officers and independent accountants (so long as the Borrower is afforded an opportunity to be present at such discussion with such independent accountants), all at such reasonable times and intervals and to such reasonable extent as the Administrative Agent or the Required Lenders may reasonably request.

9.3 Maintenance of Insurance. Holdings and the Borrower will, and will cause each of the Material Subsidiaries to, at all times maintain in full force and effect, with insurance companies that the Borrower believes (in the good faith judgment of the management of the Borrower) are financially sound and responsible at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against in the same general area by companies engaged in the same or similar business as that of the Borrower and its Subsidiaries; and will furnish to the Administrative Agent for further delivery to the Lenders, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

9.4 Payment of Taxes. Holdings and the Borrower will pay and discharge, and will cause each of their respective Subsidiaries to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which material penalties attach thereto, and all lawful material claims that, if unpaid, could reasonably be expected to become a material Lien upon any properties of Holdings, the Borrower or any of the Restricted Subsidiaries; provided, that neither Holdings, the Borrower nor any of their Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings if it has maintained adequate reserves (in the good faith judgment of the management of the Borrower) with respect thereto in accordance with GAAP.

9.5 Consolidated Corporate Franchises. Holdings and the Borrower will do, and will cause each Material Subsidiary to do, or cause to be done, all things necessary to preserve and keep in full force and effect its existence, corporate rights and authority, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided, however, that Holdings, the Borrower and its Subsidiaries may consummate any transaction permitted under Section 10.3, 10.4 or 10.5.

9.6 Compliance with Statutes. Holdings and the Borrower will, and will cause each of their Subsidiaries to, comply with all applicable laws, rules, regulations and orders (including Environmental Laws and permits required thereunder), except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect.

9.7 ERISA. Promptly after Holdings, the Borrower or any of their Subsidiaries or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following events that, individually or in the aggregate (including in the aggregate such events previously disclosed or exempt from disclosure hereunder, to the extent the liability therefor remains outstanding), would be reasonably likely to have a Material Adverse Effect, the Borrower will deliver to each of the Lenders a certificate of an Authorized Officer or any other senior officer of the Borrower setting forth details as to such occurrence and the action, if any,

that the Borrower, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices (required, proposed or otherwise) given to or filed with or by the Borrower, such Subsidiary, such ERISA Affiliate, the PBGC, a Plan participant (other than notices relating to an individual

participant's benefits) or the Plan administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application is to be made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan having an Unfunded Current Liability has been or is to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA (including the giving of written notice thereof); that a Plan has an Unfunded Current Liability that has or will result in a lien under ERISA or the Code; that proceedings will be or have been instituted to terminate a Plan having an Unfunded Current Liability (including the giving of written notice thereof); that a proceeding has been instituted against the Borrower, a Subsidiary thereof or an ERISA Affiliate pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the PBGC has notified the Borrower, any Subsidiary thereof or any ERISA Affiliate of its intention to appoint a trustee to administer any Plan; that the Borrower, any Subsidiary thereof or any ERISA Affiliate has failed to make a required installment or other payment pursuant to Section 412 of the Code with respect to a Plan; or that the Borrower, any Subsidiary thereof or any ERISA Affiliate has incurred or will incur (or has been notified in writing that it will incur) any liability (including any contingent or secondary liability) to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code.

9.8 Good Repair. Each of Holdings and the Borrower will, and will cause each of their Restricted Subsidiaries to, ensure that its properties and equipment used or useful in its business in whomsoever's possession they may be to the extent that it is within the control of such party to cause same, are kept in good repair, working order and condition, normal wear and tear excepted, and that from time to time there are made in such properties and equipment all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner customary for companies in the same or similar business as that of the Borrower and its Subsidiaries and consistent with third party leases, except in each case to the extent the failure to do so could not be reasonably expected to have a Material Adverse Effect.

9.9 Transactions with Affiliates. Holdings and the Borrower will conduct, and cause each of the Restricted Subsidiaries to conduct, all transactions with any of its Affiliates (other than the transactions between and among Holdings, the Borrower and the Restricted Subsidiaries or any Person that becomes a Restricted Subsidiary as a result of such transaction) on terms that are substantially as favorable to Holdings, the Borrower or such Restricted Subsidiary as it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate; provided, that the foregoing restrictions shall not apply to (a) the payment of fees and expenses related to the UVEST Acquisition and the transactions contemplated thereby, (b) the issuance of Capital Stock to the management of Holdings, the Borrower or any of its Subsidiaries in connection with UVEST Acquisition the Transactions (as defined in the Original Credit Agreement), (c) the payment of customary management, consulting and monitoring fees to the Sponsors in an aggregate amount in any fiscal year not to exceed

$5,000,000 plus all reasonable out-of-pocket expenses and customary indemnities related to any such activities, (d) employment and severance arrangements between Holdings, the Borrower and the Restricted Subsidiaries and their respective directors, officers and employees in the ordinary course of business, (e) payments by Holdings (and any direct or indirect parent thereof), the Borrower and the Restricted Subsidiaries pursuant to any tax sharing agreements among Holdings (and any such parent thereof), the Borrower and the Restricted Subsidiaries on customary terms, (f) the payment of customary fees and reasonable out of pocket costs and expenses to, and indemnities provided on behalf of, directors, officers and employees of Holdings, the Borrower and the Restricted Subsidiaries, (g) transactions (i) with customers who are Affiliates in the ordinary course of business and consistent with past practice as of the date hereof and (ii) pursuant to permitted agreements in existence on the Closing Date and set forth on Schedule 9.9 or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect, (h) transactions permitted under Section 10.6, (i) in connection with the termination of management agreements with the Sponsors, the payment of up to $20,000,000 in termination fees thereunder to the Sponsors pursuant to the terms of such management agreement, (j) customary contractual arrangements with financial advisors to the extent any such financial advisor would be deemed to be an "Affiliate,"; (k) customary payments made by Holdings, the Borrower or any Restricted Subsidiary to the Sponsors for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities (including in connection with acquisitions or divestitures), which payments are approved by a majority of the disinterested members of the board of directors of Holdings or the Borrower, in good faith and (l) to the extent expressly permitted under Section 10, payments or loans (or cancellation of loans) to employees of the Borrower, Holdings or any Restricted Subsidiary.

9.10 End of Fiscal Years; Fiscal Quarters. The Borrower will, for financial reporting purposes, cause (a) each of its, and each of its Subsidiaries', fiscal years to end on December 31 of each year and (b) each of its, and each of its Subsidiaries', fiscal quarters to end on dates consistent with such fiscal year-end and the Borrower's past practice; provided, however, that the Borrower may, upon written notice to the Administrative Agent, change the financial reporting convention specified above to any other financial reporting convention reasonably acceptable to the Administrative Agent, in which case the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary in order to reflect such change in financial reporting.

9.11 Additional Guarantors and Grantors. Subject to any applicable limitations set forth in the Guarantee or the Security Agreement, as applicable, the Borrower will cause (i) any direct or indirect Domestic Subsidiary (other than any Unrestricted Subsidiary, any direct or indirect Domestic Subsidiary of a Foreign Subsidiary or any Excluded Subsidiary) formed or otherwise purchased or acquired after the Effective Date (including pursuant to a Permitted Acquisition), and (ii) any Subsidiary of the Borrower (other than any Unrestricted Subsidiary, any direct or indirect Domestic Subsidiary of a Foreign Subsidiary or any Excluded Subsidiary) that is not a Domestic Subsidiary on the Closing Date hereof but subsequently becomes a Domestic Subsidiary (other than any Unrestricted Subsidiary, any direct or indirect Domestic Subsidiary of a Foreign Subsidiary or any Excluded Subsidiary), in each case to execute a supplement to each of the Guarantee and the Security Agreement, substantially in the

form of Annex B or Annex 1, as applicable, to the respective agreement in order to become a Guarantor under the Guarantee and a grantor under the Security Agreement.

9.12 Pledges of Additional Stock and Evidence of Indebtedness. Subject to any applicable limitations set forth in the Pledge Agreement, Holdings and the Borrower will pledge, and, if applicable, will cause each Domestic Subsidiary (other than any Unrestricted Subsidiary, any direct or indirect Domestic Subsidiary of a Foreign Subsidiary or any Excluded Subsidiary) to pledge, to the Collateral Agent for the benefit of the Secured

Parties, (i) all the Capital Stock of each Domestic Subsidiary (other than any Unrestricted Subsidiary, any direct or indirect Domestic Subsidiary of a Foreign Subsidiary, PTC Holdings, Inc. or The Private Trust Company, N.A.) and 65% of the issued and outstanding Capital Stock of each Foreign Subsidiary directly held by any Credit Party, in each case, formed or otherwise purchased or acquired after the Effective Date, in each case pursuant to a supplement to the Pledge Agreement substantially in the form of Annex A thereto, (ii) all evidences of Indebtedness in excess of $5,000,000 received by any Credit Party in connection with any disposition of assets pursuant to Section 10.4(d), in each case pursuant to a supplement to the Pledge Agreement substantially in the form of Annex A thereto, and (iii) any global promissory notes executed after the Closing Date evidencing Indebtedness of Holdings and the Borrower and each of its Subsidiaries that is owing to any Credit Party, in each case pursuant to a supplement to the Pledge Agreement in the form of Annex A thereto.

9.13 Changes in Business. The Borrower and its Subsidiaries, taken as a whole, will not fundamentally and substantively alter the character of their business, taken as a whole, from the business conducted by the Borrower and its Subsidiaries, taken as a whole, on the Closing Date and other business activities incidental or related to any of the foregoing.

9.14 Further Assurances. (a) Holdings and the Borrower will, and will cause each other Credit Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent, the Collateral Agent or the Required Lenders may reasonably request, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created by the Security Agreement, the Pledge Agreement or any Mortgage, all at the expense of Holdings and its Subsidiaries.

(b) Subject to any applicable limitations set forth in the Security Agreement or any Mortgage, if any assets (including any real estate or improvements thereto or any interest therein) with a book value or fair market value in excess of $3,000,000 are acquired by the Borrower or any other Credit Party after the Closing Date (other than assets constituting Collateral under the Security Agreement that become subject to the Lien of the Security Agreement upon acquisition thereof or assets subject to a Lien granted pursuant to Section 10.2(c)) that are of the nature secured by the Security Agreement or any Mortgage, as the case may be, the Borrower will notify the Administrative Agent (who shall thereafter notify the Lenders) and the Collateral Agent thereof, and, if requested by the Administrative Agent, the Collateral Agent or the Required Lenders, the Borrower will cause such assets to be subjected to a Lien securing the applicable Obligations and will take, and cause the other Credit Parties to

take, such actions as shall be necessary or reasonably requested by the Administrative Agent or the Collateral Agent to grant and perfect such Liens consistent with the applicable requirements of the Security Documents, including actions described in paragraph (a) of this Section, all at the expense of the Credit Parties. Any Mortgage delivered to the Collateral Agent in accordance with the preceding sentence shall be accompanied by (x) a policy or policies of title insurance issued by a nationally recognized title insurance company insuring the Lien of each Mortgage as a valid Lien (with the priority described therein) on the Mortgaged Property described therein, free of any other Liens except as expressly permitted by Section 10.2, together with such endorsements and reinsurance as the Administrative Agent or the Collateral Agent may reasonably request and (y) an opinion of local counsel to the Borrower (or in the event a Subsidiary of the Borrower is the Mortgagor, to such Subsidiary) substantially in the form of the local counsel opinion delivered on the Closing Date pursuant to Section 6.3(c) of the Original Credit Agreement.

SECTION 10. Negative Covenants

Each of Holdings and the Borrower hereby covenants and agrees that on the Closing Date and thereafter, until the Commitments and all Letters of Credit have terminated (unless such Letters of Credit have been collateralized on terms and conditions satisfactory to the Letter of Credit Issuer following the termination of the Commitments) and the Loans and Unpaid Drawings, together with interest, Fees and all other Obligations (excluding contingent indemnification obligations or Obligations with respect to Hedging Agreements) incurred hereunder, are paid in full:

10.1 Limitation on Indebtedness. Holdings and the Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under the Credit Documents;

(b) Indebtedness of (i) Holdings, the Borrower or any Subsidiary who is a Guarantor owing to Holdings, the Borrower or any Subsidiary, (ii) any Subsidiary who is not a Guarantor owing to any other Subsidiary who is not a Guarantor and (iii) subject to Section 10.5, any Subsidiary who is not a Guarantor owing to Holdings, the Borrower or any Subsidiary who is a Guarantor;

(c) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business and not in respect of Hedging Agreements;

(d) Guarantee Obligations incurred by (i) any Restricted Subsidiary in respect of Indebtedness of Holdings, the Borrower or any other Restricted Subsidiary that is permitted to be incurred under this Agreement and (ii) Holdings or the Borrower in respect of Indebtedness of Holdings, the Borrower or any Restricted Subsidiary that is permitted to be incurred under this Agreement;

(e) Guarantee Obligations incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors and licensees;

(f) (i) Indebtedness (including Indebtedness arising under Capital Leases) the proceeds of which are used to finance the acquisition, construction or improvement of fixed or capital assets, or otherwise incurred in respect of Capital Expenditures, (ii) Indebtedness arising under Capital Leases entered into in connection with Permitted Sale Leasebacks, (iii) Indebtedness arising under Capital Leases, other than Capital Leases in effect on the Closing

Date (and set forth on Schedule 10.1) and Capital Leases entered into pursuant to subclauses (i) and (ii) above; provided, that the aggregate amount of Indebtedness incurred pursuant to this subclause (iii) shall not exceed $10,000,000 at any time outstanding (excluding the aggregate amount of any operating leases which are subsequently reclassified or recharacterized as Capital Leases under GAAP), and (iv) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i), (ii) or (iii) above, provided that, except to the extent otherwise expressly permitted hereunder, the principal amount of any Indebtedness, modified, replaced, refinanced, refunded, renewed or extended pursuant to this clause (iv) does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension, except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension;

(g) Closing Date Indebtedness (other than the Senior Unsecured Subordinated Notes) and any modification, replacement, refinancing, refunding, renewal or extension thereof, provided that, except to the extent otherwise expressly permitted hereunder, (i) the principal amount of any Indebtedness, modified, replaced, refinanced, refunded, renewed or extended pursuant to this clause (g) does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension and (ii) the direct and contingent obligors with respect to such Indebtedness are not changed;

(h) Indebtedness in respect of Hedging Agreements;

(i) (i) Indebtedness in respect of Senior Unsecured Subordinated Notes and any refinancing, refunding, renewal or extension thereof; provided, that, except to the extent otherwise expressly permitted hereunder, (x) the principal amount thereof does not exceed the sum of (A) the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension plus (B) the amount of any interest, premiums or penalties required to be paid thereon plus (C) reasonable fees and expenses, associated thereof, (y) the direct and contingent obligors with respect to such Indebtedness are not changed and (z) such Indebtedness has terms material to the interests of the Lenders not materially less advantageous to the Lenders, taken as a whole, than those of the Senior Unsecured Subordinated Notes being refinanced (such refinancing, refunding, renewed or extended Indebtedness, "Refinanced Senior Unsecured Subordinated Notes"), and (ii) Indebtedness in respect of Permitted Additional Notes to the extent the Net Cash Proceeds therefrom are, immediately after the receipt thereof, applied to the prepayment of Term Loans in accordance with Section 5.2(a)(i);

(j) (i) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Restricted Subsidiary or Indebtedness attaching to assets that are acquired by the Borrower or any Restricted Subsidiary, in each case after the Closing Date as the result of a Permitted Acquisition; provided, that (x) such Indebtedness existed at the time such Person became a Restricted Subsidiary or at the time such assets were acquired and, in each case, was not created in anticipation thereof, (y) such Indebtedness is not guaranteed in any respect by Holdings, the Borrower or any Restricted Subsidiary (other than any such person that so becomes a Restricted Subsidiary) and (z)(A) the Capital Stock of such Person is pledged to the Collateral Agent to the extent required under Section 9.12 and (B) such Person executes a supplement to each of the Guarantee, the Security Agreement and the Pledge Agreement (or alternative guarantee and security arrangements in relation to the Obligations) to the extent required under Section 9.11 or 9.12, as applicable (provided that the assets covered by such pledges and securing interests may, to the extent permitted under Section 10.2, equally and ratably secure such Indebtedness assumed), and (ii) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above; provided that, except to the extent otherwise expressly permitted hereunder, the principal amount of any Indebtedness modified, replaced, refinanced, refunded, renewed or extended pursuant to this clause (ii) does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension;

(k) (i) Indebtedness of Holdings, the Borrower or any Restricted Subsidiary incurred to finance a Permitted Acquisition; provided, that (x) if such Indebtedness is incurred by a Restricted Subsidiary that is not a Guarantor, such Indebtedness is not guaranteed in any respect by Holdings, the Borrower or any other Guarantor except as permitted under Section 10.5 and (y)(A) the Borrower or such other relevant Credit Party pledges the Capital Stock of any Person acquired in such Permitted Acquisition (the "acquired Person") to the Collateral Agent to the extent required under Section 9.12 and (B) such acquired Person executes a supplement to the Guarantee, the Security Agreement and the Pledge Agreement (or alternative guarantee and security arrangements in relation to the Obligations) to the extent required under Sections 9.11 or 9.12, as applicable, (provided that the assets covered by such pledges and securing interests may, to the extent permitted by Section 10.2, equally and ratably secure such Indebtedness incurred) and (ii) any modification, replacement, refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above; provided that, except to the extent otherwise expressly permitted hereunder, the principal amount of any Indebtedness modified, replaced, refinanced, refunded, renewed or extended pursuant to this clause (ii) does not exceed the principal amount thereof outstanding immediately prior to such modification, replacement, refinancing, refunding, renewal or extension except by an amount equal to the unpaid accrued interest and premium thereon plus other reasonable amounts paid and fees and expenses incurred in connection with such modification, replacement, refinancing, refunding, renewal or extension;

(l) (i) Indebtedness incurred in connection with any Permitted Sale Leaseback and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above; provided, that, except to the extent otherwise expressly permitted hereunder, the principal amount of any such Indebtedness does not exceed the sum of

(x) the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension plus (y) the amount of any interest, premiums or penalties required, to be paid thereon plus (z) reasonable fees associated therewith;

(m) unsecured Indebtedness in respect of obligations of the Borrower or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided, that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms (which require that all such payments be made within 60 days after the incurrence of the related obligation) in the ordinary course of business and not in connection with the borrowing of money or any Hedging Agreements;

(n) Indebtedness arising from agreements of Holdings, the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case incurred or assumed in connection with Permitted Acquisitions and the disposition of any business, assets or Capital Stock permitted hereunder, other than Guarantee Obligations incurred by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; provided, that (i) such Indebtedness is not reflected on the balance sheet of the Borrower or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (i)) and (ii) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value), actually received by the Borrower and the Restricted Subsidiaries in connection with such disposition;

(o) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees and similar obligations incurred in the ordinary course of business and not in connection with the borrowing of money or Hedging Agreements;

(p) Indebtedness of Holdings, the Borrower or any Restricted Subsidiary consisting of obligations to pay insurance premiums arising in the ordinary course of business and not in connection with the borrowing of money or Hedging Agreements;

(q) Indebtedness in respect of Margin Lines of Credit and Warehouse Lines of Credit;

(r) Indebtedness representing deferred compensation to employees of Holdings, the Borrower and the Restricted Subsidiaries incurred in the ordinary course of business;

(s) subordinated Indebtedness consisting of promissory notes issued by any Credit Party to current or former officers, directors, managers, consultants and employees, their respective successors, executors, administrators, heirs, legatees or distributees to finance the retirement, acquisition, repurchase or redemption of Capital Stock permitted by Section 10.6;

(t) cash management obligations and other Indebtedness in respect of netting services, overdraft protections, automatic clearinghouse arrangements, employee credit cards and similar arrangements in each case in the ordinary course of business and consistent with past business practices;

(u) all customary premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in each of the clauses of this Section 10.1;

(v) New Term Loans, Revolving Credit Increases and Permitted Additional Notes and any refinancing, refunding, renewal or extension thereof; provided, that the aggregate principal amount of Indebtedness outstanding at any time pursuant to this clause (v) shall not at any time exceed $125,000,000; and

(w) additional Indebtedness and any refinancing, refunding, renewal or extension thereof; provided, that the aggregate principal amount of Indebtedness outstanding at any time pursuant to this clause (w) shall not at any time exceed $25,000,000; provided that the Borrower and the Restricted Subsidiary may incur additional Indebtedness under this clause (w) in an aggregate principal amount not to exceed the product of (1) (x) 7.5% multiplied by (y) the Consolidated EBITDA Growth Factor multiplied by (2) $1,300,000,000.

10.2 Limitation on Liens. Holdings and the Borrower will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings, the Borrower or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens securing the Obligations;

(b) Permitted Liens;

(c) Liens securing Indebtedness permitted pursuant to Section 10.1(f); provided, that such Liens attach at all times only to the assets financed with such Indebtedness;

(d) Liens existing on the Closing Date and listed on Schedule 10.2;

(e) the replacement, extension, modification or renewal of any Lien permitted by clauses (a) through (d) above and clauses (f) and (g) of this Section 10.2 upon or in the same assets theretofore subject to such Lien (other than after-acquired property that is affixed or incorporated into the property covered by such lien or financed by Indebtedness permitted under Section 10.1 and proceeds and products thereof) or the replacement, extension, modification or renewal (without increase in the amount except to the extent otherwise expressly permitted hereunder) of the Indebtedness secured thereby;

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary, or existing on assets acquired, pursuant to a Permitted Acquisition to the extent the Liens on such assets secure Indebtedness permitted by Section 10.1(j); provided, that such Liens attach at all times only to the same assets that such Liens (other than after-acquired property that is affixed or incorporated into the property covered by such lien or financed by Indebtedness

permitted under Section 10.1 and proceeds and products thereof) attached to, and secure only the same Indebtedness that such Liens secured, immediately prior to such Permitted Acquisition;

(g) (i) Liens placed upon the Capital Stock of any Restricted Subsidiary acquired pursuant to a Permitted Acquisition to secure Indebtedness incurred pursuant to Section 10.1(k) in connection with such Permitted Acquisition and (ii) Liens placed upon the assets of such Restricted Subsidiary to secure a guarantee by such Restricted Subsidiary of any such Indebtedness of Holdings, the Borrower or any other Restricted Subsidiary;

(h) Liens securing Indebtedness or other obligations of Holdings, the Borrower or a Subsidiary in favor of Holdings, the Borrower or any Subsidiary that is a Guarantor and Liens securing Indebtedness or other obligations of any Subsidiary that is not a Guarantor in favor of any Subsidiary that is not a Guarantor;

(i) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right to set off) and which are within the general parameters customary in the banking industry;

(j) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Sections 10.5 to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in a transaction permitted under Section 10.4, in each case, solely to the extent such Investment or sale, disposition, transfer or lease, as the case may be, would have been permitted on the date of the creation of such Lien;

(k) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business permitted by this Agreement;

(l) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 10.5;

(m) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(n) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit, automatic clearinghouse or sweep accounts of Holdings, the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Holdings, the Borrower and the Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of Holdings, the Borrower or any Restricted Subsidiary in the ordinary course of business;

(o) Liens solely on any cash earnest money deposits made by Holdings, the Borrower or any of the Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(p) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(q) Liens securing Indebtedness under any Margin Line of Credit or Warehouse Line of Credit; and

(r) other Liens not otherwise permitted by this Section 10.2 so long as the aggregate amount of obligations secured thereby does not exceed $10,000,000.

10.3 Limitation on Fundamental Changes. Except as expressly permitted by Section 10.4 or 10.5, Holdings and the Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all its business units, assets or other properties, except that:

(a) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into the Borrower; provided, that (i) the Borrower shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than the Borrower) shall be an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia or any territory thereof (the Borrower or such Person, as the case may be, being herein referred to as the "Successor Borrower"), (ii) the Successor Borrower (if other than the Borrower) shall expressly assume all the obligations of the Borrower under this Agreement and the other Credit Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) the Successor Borrower shall be in compliance, on a pro forma basis after giving effect to such merger, amalgamation or consolidation, with the covenants set forth in Sections 10.9 and 10.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Section as if such merger, amalgamation or consolidation had occurred on the first day of such Test Period, (v) each Guarantor, unless it is the other party to such merger or consolidation or unless the Successor Borrower is the Borrower, shall have by a supplement to the Guarantee confirmed that its Guarantee shall apply to the Successor Borrower's obligations under this Agreement, (vi) each Subsidiary grantor and each Subsidiary pledgor, unless it is the other party to such merger, amalgamation or consolidation or unless the Successor Borrower is the Borrower, shall have by a supplement to the Security Agreement and the Pledge Agreement confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement, (vii) each mortgagor of a Mortgaged Property, unless it is the other party to such merger or consolidation or unless the Successor Borrower is the Borrower, shall have by an amendment to or restatement of the applicable Mortgage confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement, (viii) the Borrower shall have delivered to the Administrative Agent an officer's certificate stating that such merger, amalgamation or consolidation and any supplements to this Agreement or any Security Document preserve the enforceability of the Guarantee and the perfection and priority of the Liens under the Security Documents and (ix) if reasonably requested by the Administrative Agent, an opinion of counsel to the effect that such merger, amalgamation or consolidation does not violate this Agreement or

any other Credit Document; provided further that if the foregoing are satisfied, the Successor Borrower (if other than the Borrower) will succeed to, and be substituted for, the Borrower under this Agreement;

(b) any Subsidiary of the Borrower or any other Person may be merged, amalgamated or consolidated with or into any one or more Subsidiaries of the Borrower; provided, that (i) in the case of any merger, amalgamation or consolidation involving one or more Restricted Subsidiaries, (A) a Restricted Subsidiary shall be the continuing or surviving corporation or (B) the Borrower shall take all steps necessary to cause the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Restricted Subsidiary) to become a Restricted Subsidiary, (ii) in the case of any merger, amalgamation or consolidation involving one or more Guarantors, a Guarantor shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Guarantor) shall execute a supplement to the Guarantee, the Security Agreement, the Pledge Agreement and any applicable Mortgage in form and substance reasonably satisfactory to the Administrative Agent in order for such surviving corporation to become a Guarantor and pledgor, mortgagor and grantor of Collateral for the benefit of the Secured Parties, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) the Borrower shall be in compliance, on a pro forma basis after giving effect to such merger, amalgamation or consolidation, with the covenants set forth in Sections 10.9 and 10.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Section as if such merger, consolidation or amalgamation had occurred on the first day of such Test Period, and (v) the Borrower shall have delivered to the Administrative Agent an officer's certificate stating that such merger, amalgamation or consolidation and such supplements to any Security Document preserve the enforceability of the Guarantee and the perfection and priority of the Liens under the Security Agreement;

(c) any Restricted Subsidiary that is not a Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower, a Guarantor or any other Restricted Subsidiary of the Borrower;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Guarantor; and

(e) any Restricted Subsidiary may liquidate or dissolve if (x) the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders and (y) to the extent such Restricted Subsidiary is a Credit Party, any assets or business not otherwise disposed of or transferred in accordance with Section 10.4 or 10.5, or, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, another Credit Party after giving effect to such liquidation or dissolution.

10.4 Limitation on Sale of Assets. Holdings and the Borrower will not, and will not permit any of the Restricted Subsidiaries to, (i) convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired (other than any such sale, transfer,

assignment or other disposition resulting from a Recovery Event), or (ii) sell to any Person (other than the Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's Capital Stock, except that:

(a) Holdings, the Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of the following in the ordinary course of business: (i) obsolete, worn-out, used or surplus assets to the extent such assets are not necessary for the operation of the Borrower's and its Subsidiaries' business; (ii) inventory, securities and goods held for sale; and (iii) cash and Permitted Investments;

(b) Holdings, the Borrower and the Restricted Subsidiaries may lease, license (on a non-exclusive basis with respect to intellectual property), or sublease or sublicense (on a non-exclusive basis with respect to intellectual property) real or personal property in the ordinary course of business;

(c) Holdings, the Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of other assets (other than accounts receivable) for fair value; provided, that (i) the aggregate amount of such sales, transfers and disposals by Holdings, the Borrower and the Restricted Subsidiaries, taken as a whole, pursuant to this clause (c) shall not exceed in the aggregate an amount equal to 10% of Consolidated Total Net Tangible Assets, (ii) any consideration in excess of $5,000,000 received by Holdings, the Borrower or any Guarantor in connection with such sales, transfers and other dispositions of assets pursuant to this clause (c) that is in the form of Indebtedness shall be pledged to the Administrative Agent pursuant to Section 9.12, (iii) with respect to any such sale, transfer or disposition (or series of related sales, transfers or dispositions) in an aggregate amount in excess of $20,000,000, the Borrower shall be in compliance, on a pro forma basis after giving effect to such sale, transfer or disposition, with the covenants set forth in Sections 10.9 and 10.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Sections as if such sale, transfer or disposition had occurred on the first day of such Test Period and (iv) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing;

(d) Holdings, the Borrower and the Restricted Subsidiaries may (i) sell or discount without recourse accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof and (ii) sell or transfer accounts receivable and related rights pursuant to customary receivables financing facilities so long as, in each case, the Net Cash Proceeds thereof to Holdings, the Borrower and the Restricted Subsidiaries are promptly applied to the prepayment of Term Loans pursuant to Section 5.2;

(e) Holdings, the Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of property or assets to Holdings, the Borrower or to a Restricted Subsidiary; provided, that if the transferor of such property is a Guarantor or the Borrower (i) the transferee thereof must either be the Borrower or a Guarantor or (ii) to the extent such transaction constitutes an Investment, such transaction is permitted under Section 10.5;

(f) the Borrower and the Restricted Subsidiaries may effect any transaction permitted by Section 10.3 and Holdings, the Borrower and the Restricted Subsidiaries may effect any transaction permitted by Section 10.6, 10.8 or Liens permitted by Section 10.2;

(g) the Borrower and the Restricted Subsidiaries may sell, transfer or otherwise dispose of the property listed on Schedule 1.1(a); and

(h) Holdings, the Borrower and the Restricted Subsidiaries may exchange or "swap" assets for other assets of another Person other than Holdings, the Borrower or any Restricted Subsidiary; provided, that (i) the assets received by Holdings, the Borrower or such Restricted Subsidiary will be used or useful in the business of Holdings, the Borrower and their Subsidiaries, (ii) Holdings, the Borrower or such Restricted Subsidiary shall receive reasonably equivalent value for such assets, (iii) such assets shall be received by Holdings, the Borrower or such Restricted Subsidiary substantially concurrently with the delivery of the existing assets of Holdings, the Borrower or such Restricted Subsidiary to such other Person, (iv) Holdings, the Borrower and such Restricted Subsidiaries shall account for such exchange or swap in accordance with GAAP and (v) any cash or Permitted Investments received in any such swap shall be treated as asset sale proceeds subject to the limitations of Section 10.4(c) and not this Section 10.4(h).

10.5 Limitation on Investments. Holdings and the Borrower will not, and will not permit any of the Restricted Subsidiaries to, make any advance, loan, extensions of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets of, or make any other investment in, any Person (all of the foregoing, "Investments"), except:

(a) extensions of trade credit, asset purchases (including purchases of inventory, supplies and materials) and the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons, in each case in the ordinary course of business;

(b) Permitted Investments;

(c) loans and advances to officers, directors and employees of Holdings, the Borrower or any of its Subsidiaries (i) to finance the purchase of Capital Stock of Holdings (or any direct or indirect parent thereof; provided, that the amount of such loans and advances used to acquire such Capital Stock shall be contributed to Holdings or the Borrower, as applicable, in cash as common equity) or the Borrower, (ii) for reasonable and customary business related travel expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business, and (iii) for additional purposes not contemplated by subclause (i) or (ii) above in an aggregate principal amount at any time outstanding with respect to this clause (iii) not exceeding $5,000,000;

(d) Investments existing on the Closing Date and listed on Schedule 10.5 and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (d) is not increased at any time above the amount of such Investments existing on the Closing Date;

(e) Investments in Hedging Agreements permitted by Section 10.1(h);

(f) Investments received in connection with the bankruptcy or reorganization of supplier or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business or upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(g) Investments to the extent that payment for such investments is made solely with Capital Stock of Holdings (or any direct or indirect parent thereof) or the Borrower;

(h) Investments constituting non-cash proceeds of sales, transfers and other dispositions of assets to the extent permitted by Section 10.4;

(i) Investments in the Borrower or any Guarantor and Investments by any Subsidiary that is not a Guarantor in any other Subsidiary;

(j) Investments constituting Permitted Acquisitions, provided, that the aggregate amount of any such Investment, as valued at the fair market value of such Investment at the time each such Investment is made, made by the Borrower or any Restricted Subsidiary in any Subsidiary that shall not be, or after giving effect to such Investment, shall not become a Guarantor shall not exceed (i) $250,000,000 plus (ii) the Available Amount plus (iii) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made);

(k) Investments in the equity interests of one or more newly formed Persons that are received in consideration of the contribution by Holdings, the Borrower or the applicable Restricted Subsidiaries of assets (including Capital Stock) to such person or persons; provided, that (i) the fair market value of such assets, determined on an arms-length basis, so contributed pursuant to this paragraph (k) shall not in the aggregate exceed $10,000,000 and (ii) in respect of each such contribution, an Authorized Officer of the Borrower shall certify, in a form to be agreed upon by the Borrower and the Administrative Agent (x) after giving effect to such contribution, no Default or Event of Default shall have occurred and be continuing, (y) the fair market value of the assets so contributed and (z) that the requirements of clause (i) of this proviso remain satisfied;

(l) Investments made to repurchase or retire Capital Stock of Holdings (or any direct or indirect parent thereof) or the Borrower owned by any employee stock ownership plan or key employee stock ownership plan of Holdings (or any direct or indirect parent thereof) or the Borrower;

(m) Investments in the business of the Borrower and its Restricted Subsidiaries made by the Borrower or any of its Restricted Subsidiaries with the proceeds of any Asset Sale Prepayment Event or Recovery Event prior to the end of the Reinvestment Period or pursuant to an Acceptable Reinvestment Commitment or Restoration Certification;

(n) the Borrower may make a loan to Holdings that could otherwise be made as a Dividend permitted under Section 10.6;

(o) Investments in the ordinary course of business consisting of Article 3 endorsements for collection or deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(p) advances of payroll payments to employees in the ordinary course of business;

(q) Investments of a Restricted Subsidiary acquired after the Closing Date or of a corporation merged into the Borrower or merged or consolidated with a Restricted Subsidiary in accordance with Section 10.3 after the Closing Date to the extent that such Investments were not made in contemplation of, or in connection with, such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(r) Guarantees by Holdings, the Borrower or any Restricted Subsidiary of leases (other than Capital Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(s) Investments of any OCC-Regulated Subsidiary in the Capital Stock of the Federal Reserve Bank in the district in which such Subsidiary is located in accordance with the provisions of the Federal Reserve Act;

(t) Investments in "seed investment portfolios" for the purpose of testing and determining model portfolios in the ordinary course of business and consistent with past business practice; provided, that such Investments as valued at the fair market value of such Investments at the time each such Investment is made, would not exceed (i) $10,000,000 plus (ii) the Available Amount plus (iii) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made);

(u) intercompany Investments by Holdings, the Borrower or any Guarantor in any Person that, prior to such investment, is an Excluded Subsidiary; provided, that the amount of such Investment, as valued at the fair market value of such Investment at the time such Investment is made, shall not exceed (i) $10,000,000 plus (ii) the Available Amount plus (iii) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made);

(v) (i) Investments permitted under Section 10.6 or the proviso to Section 9.9 and (ii) Guarantee Obligations permitted under Section 10.1;

(w) intercompany Investments in the form of loans, advances or extensions of credit by any Credit Party to any Excluded Subsidiary in the ordinary course of business for working capital purposes; provided, that such loans, advances or extensions of credit shall be

evidenced by one global promissory note that shall be pledged to the Collateral Agent for the benefit of the Secured Parties and which shall be executed by each Excluded Subsidiary which shall receive such loan, advance or extension of credit;

(x) to the extent constituting an Investment, Margin Loans, mortgage and warehouse loans and other similar advances and extensions of credit made by the Borrower or any Restricted Subsidiary in the ordinary course of business to their respective customers;

(y) Investments made by the Borrower within 10 Business Days after the Closing Date in PTC Holdings, Inc. and The Private Trust Company, N.A. in an aggregate amount as valued at the fair market value of such Investment at the time made not to exceed $7,000,000;

(z) Securities Owned (as set forth on the balance sheet of the Broker-Dealer Regulated Subsidiary) for a period no longer than 10 Business Days following a securities trade from a customer account and constituting securities transactions entered into by the Broker-Dealer Regulated Subsidiary for the purpose of making adjustments to such Subsidiary's customer accounts with respect to such securities trade, with the fair market value of all such Securities Owned (as set forth on the balance sheet of the Broker-Dealer Regulated Subsidiary), not to exceed $10,000,000 in the aggregate at any time outstanding;

(aa) (i) any additional Investments (including Investments in Minority Investments and Unrestricted Subsidiaries and in joint ventures or similar entities that do not constitute Restricted Subsidiaries) as valued at the fair market value of such Investment at the time each such Investment is made and (ii) Investments in respect of loans and advances to licensed financial advisors to facilitate the transfer of such advisors' businesses to the Borrower and its Subsidiaries or to platforms utilized by the Borrower and its Subsidiaries, for the purchase of other financial advisors' businesses and for incidental and working capital purposes; provided, that the aggregate amount of all such additional Investments made pursuant to this clause (aa) shall not exceed an aggregate amount that, at the time each such Investment is made, would not exceed the sum of (x) $50,000,000 plus (y) the Available Amount plus (z) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of all such Investments (which amount shall not exceed the amount of all Investments valued at the fair market value of all such Investments at the time each respective Investment was made); and

(bb) Investments in connection with the UVEST Acquisition.

10.6 Limitation on Dividends. Neither Holdings nor the Borrower will declare or pay any dividends (other than (a) in respect of Holdings, dividends payable solely in respect of its Capital Stock and (b) in respect of the Borrower, dividends payable solely in respect of its Capital Stock) or return any capital to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its Capital Stock or the Capital Stock of any direct or indirect parent now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its Capital Stock), or set aside any funds for any of the foregoing purposes, or permit any of the

Restricted Subsidiaries to purchase or otherwise acquire for consideration (other than in connection with an investment permitted by Section 10.5) any shares of any class of the Capital Stock of Holdings or the Capital Stock of the Borrower, now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its Capital Stock) (all of the foregoing "Dividends"):

(a) Holdings or the Borrower may (i) redeem in whole or in part any of its Capital Stock for another class of Capital Stock or rights to acquire its Capital Stock or with proceeds from substantially concurrent equity contributions or issuances of new shares of its Capital Stock; provided, that any terms and provisions material to the interests of the Lenders contained in such other class of Capital Stock be at least as advantageous to the Lenders, taken as a whole, as those contained in the Capital Stock redeemed thereby or (ii) so long as no Default or Event of Default has occurred and is continuing, declare and pay dividends or make distributions in the amount of proceeds of equity contributions or issuances of new shares of Capital Stock (other than Equity Contributions, issuances of Permitted Cure Securities or other equity contributions to the extent utilized in connection with other transactions permitted pursuant to Section 10.5 or 10.6);

(b) Holdings or the Borrower may redeem, acquire, retire or repurchase (and the Borrower and its Subsidiaries may declare and pay Dividends to Holdings, the proceeds of which are used to so redeem, acquire, retire or repurchase) Capital Stock (including related stock appreciation rights or similar securities) (or to allow any of Holdings' direct or indirect parent companies to so redeem, acquire, retire or repurchase its Capital Stock) from present or former officers, managers, consultants, employees and directors (or their respective successors, executors, administrators, heirs, legatees or distributees) of Holdings (or any direct or indirect parent thereof), the Borrower and its Subsidiaries, with the proceeds of Dividends from, seriatim, Holdings or the Borrower, upon the death, disability, retirement or termination of employment of any such Person or otherwise in accordance with any stock option or stock appreciation rights plan, any management or employee stock ownership plan, stock subscription plan, employment termination agreement or any employment agreements or stockholders' agreement; provided, that except with respect to non-discretionary repurchases, acquisitions, retirement, or redemptions pursuant to the terms of any such agreement, the aggregate amount of all cash paid in respect of all such shares so redeemed, acquired, retired or repurchased in any calendar year does not exceed the sum of (i) $5,000,000 plus (ii) all amounts obtained by Holdings or the Borrower during such calendar year from the sale of such Capital Stock to other present or former officers, consultants, employees and directors in connection with any permitted compensation and incentive arrangements plus (iii) all amounts obtained from any key-man life insurance policies received during such calendar year; notwithstanding the foregoing, 100% of the unused amount of payments in respect of this clause (b) may be carried forward to the next succeeding fiscal year and utilized to make payments pursuant to this clause (b);

(c) Holdings, the Borrower and the Restricted Subsidiaries may make Investments permitted by Section 10.5;

(d) to the extent constituting Dividends, Holdings may enter into and consummate transactions expressly permitted by Section 10.3 or the proviso to Section 9.9;

(e) Holdings may pay Dividends on the Closing Date to consummate the UVEST Acquisition; and

(f) the Borrower may make and pay Dividends to Holdings:

(i) the proceeds of which will be used to pay (or to make Dividends to allow any direct or indirect parent of Holdings to pay) the tax liability to each relevant jurisdiction in respect of consolidated, combined, unitary or affiliated returns for the relevant jurisdiction of Holdings (or such parent) attributable to Holdings, the Borrower or its Subsidiaries;

(ii) the proceeds of which shall be used by Holdings to pay (or to make Dividends to allow any direct or indirect parent of Holdings to pay) its operating expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business, in an aggregate amount not to exceed $3,000,000 in any fiscal year plus any actual, reasonable and customary indemnification claims made by directors or officers of Holdings (or any parent thereof);

(iii) the proceeds of which shall be used by Holdings to pay franchise taxes and other fees, taxes and expenses required to maintain its (or any of its direct or indirect parents') corporate existence;

(iv) the proceeds of which shall be used by Holdings to make Restricted Payments permitted by Section 10.6; and

(v) the proceeds of which shall be used by Holdings to pay (or to make Dividends to allow any direct or indirect parent thereof to pay) fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering permitted by this Agreement;

(g) Holdings may declare and make distributions or pay dividends on its Capital Stock; provided, that (i) the aggregate amount of such distributions paid or made by Holdings pursuant to this Section 10.6(g) shall not at any time exceed 50% of cumulative Consolidated Net Income at such time and (ii) at the time of payment of such dividends or the making of such distributions, and after giving effect thereto, the Borrower's ratio of Consolidated Total Debt on the date of such payment of dividends or making of such distributions to Consolidated EBITDA for the most recent Test Period ended prior to the date of such payment of dividends or the making of such distributions and calculated as if such payment of dividends or making of such distributions had occurred on the first day of such Test Period, shall be less than 3.50:1.00.

10.7 Limitations on Debt Payments and Amendments. (a) The Borrower will not prepay, repurchase or redeem or otherwise defease any Senior Unsecured Subordinated Notes or Refinanced Senior Unsecured Subordinated Notes (it being understood that any payment of principal prior to the Senior Unsecured Subordinated Note Maturity Date shall be deemed a prepayment for purposes of this Section 10.7(a)) or other subordinated Indebtedness permitted hereunder; provided, however, that so long as no Default or Event of

Default has occurred and is continuing, the Borrower or any Restricted Subsidiary may prepay, repurchase or redeem any Senior Unsecured Subordinated Notes or Refinanced Senior Unsecured Subordinated Notes (i) for an aggregate price which will not exceed, when taken together with prepayments permitted by subclause (b) below, (x) $25,000,000 plus (y) the Available Amount at the time of such prepayment, repurchase or redemption or (ii) with the proceeds of Refinanced Senior Unsecured Subordinated Notes or Indebtedness subordinated to the Obligations that is permitted by Section 10.1 and that has terms that, taken as a whole, are not materially less favorable to the Lenders than the Senior Unsecured Subordinated Notes.

(b) The Borrower will not prepay, repurchase or redeem or otherwise defease any Permitted Additional Notes (it being understood that any payment of principal prior to the Senior Unsecured Subordinated Note Maturity Date shall be deemed a prepayment for purposes of this Section 10.7(b)); provided, however, that so long as no Default or Event of Default has occurred and is continuing, the Borrower or any Restricted Subsidiary may prepay, repurchase or redeem any Permitted Additional Notes (i) for an aggregate price which will not exceed, when taken together with prepayments permitted by subclause (a) above, (x) $25,000,000 plus (y) the Available Amount at the time of such prepayment, repurchase or redemption or (ii) with the proceeds of other Permitted Additional Notes or other Indebtedness subordinated to the Obligations that is permitted by Section 10.1 and that has terms that, taken as a whole, are not materially less favorable to the Lenders than the Permitted Additional Notes being refinanced.

(c) The Borrower will not waive, amend, modify or terminate the Senior Unsecured Subordinated Note Indenture or any indenture governing Refinanced Senior Unsecured Subordinated Notes to the extent that any such waiver, amendment, modification, or termination would be adverse to the Lenders in any material respect.

10.8 Limitations on Sale Leasebacks. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into or effect any Sale Leasebacks, other than Permitted Sale Leasebacks.

10.9 Consolidated Total Debt to Consolidated EBITDA Ratio. The Borrower will not permit the Consolidated Total Debt to Consolidated EBITDA Ratio for any Test Period ending during any period set forth below to be greater than the ratio set forth below opposite such period:

Period	Ratio
October 1, 2006 through March 31, 2007	7.90 to 1.00
April 1, 2007 through June 30, 2007	7.40 to 1.00
July 1, 2007 through September 30, 2007	6.90 to 1.00
October 1, 2007 through December 31, 2007	6.70 to 1.00
January 1, 2008 through March 31, 2008	6.50 to 1.00

April 1, 2008 through June 30, 2008	6.25 to 1.00
July 1, 2008 through September 30, 2008	5.90 to 1.00
October 1, 2008 through December 31, 2008	5.60 to 1.00
January 1, 2009 through March 31, 2009	5.40 to 1.00
April 1, 2009 through June 30, 2009	5.10 to 1.00
July 1, 2009 through September 30, 2009	4.90 to 1.00
October 1, 2009 through December 31, 2009	4.60 to 1.00
January 1, 2010 through March 31, 2010	4.40 to 1.00
April 1, 2010 through June 30, 2010	4.10 to 1.00
July 1, 2010 through September 30, 2010	3.90 to 1.00
October 1, 2010 through December 31, 2010	3.70 to 1.00
January 1, 2011 through March 31, 2011	3.50 to 1.00
April 1, 2011 through June 30, 2011	3.25 to 1.00
Thereafter	3.00 to 1.00

10.10 Consolidated EBITDA to Consolidated Interest Expense Ratio. The Borrower will not permit the Consolidated EBITDA to Consolidated Interest Expense Ratio for any Test Period ending during any period set forth below to be less than the ratio set forth below opposite such period:

Period	Ratio
October 1, 2006 through March 31, 2007	1.30 to 1.00
April 1, 2007 through June 30, 2007	1.40 to 1.00
July 1, 2007 through September 30, 2007	1.50 to 1.00
October 1, 2007 through December 31, 2007	1.55 to 1.00
January 1, 2008 through March 31, 2008	1.60 to 1.00
April 1, 2008 through June 30, 2008	1.65 to 1.00

July 1, 2008 through September 30, 2008	1.75 to 1.00
October 1, 2008 through December 31, 2008	1.85 to 1.00

January 1, 2009 through March 31, 2009	1.90 to 1.00
April 1, 2009 through June 30, 2009	2.00 to 1.00
July 1, 2009 through September 30, 2009	2.05 to 1.00
October 1, 2009 through December 31, 2009	2.15 to 1.00
January 1, 2010 through March 31, 2010	2.25 to 1.00
April 1, 2010 through June 30, 2010	2.35 to 1.00
July 1, 2010 through September 30, 2010	2.50 to 1.00
October 1, 2010 through December 31, 2010	2.60 to 1.00
January 1, 2011 through March 31, 2011	2.75 to 1.00
April 1, 2011 through June 30, 2011	2.95 to 1.00
Thereafter	3.00 to 1.00

10.11 **[**Reserved**]**.

10.12 Burdensome Agreements. Holdings and the Borrower, will not, nor shall they permit any of their Restricted Subsidiaries to, enter into or permit to exist any agreement (other than this Agreement or any other Credit Document) that limits the ability of (a) any Restricted Subsidiary of the Borrower that is not a Guarantor to pay Dividends to Holdings, the Borrower or any Guarantor or (b) the Borrower or any Credit Party to create, incur, assume or suffer to exist Liens on property of such Person for the benefit of the Secured Parties with respect to the Obligations or under the Credit Documents; provided, that the foregoing clauses (a) and (b) shall not apply to agreements which (i) (x) exist on the date hereof and (to the extent not otherwise permitted by this Section 10.12) are listed on Schedule 10.12 hereto and (y) to the extent any such agreements permitted by clause (x) are set forth in an agreement evidencing Indebtedness, any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of such agreement, (ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary of the Borrower, so long as such agreement was not entered into solely in contemplation of such Person becoming a Restricted Subsidiary of the Borrower, (iii) represents Indebtedness of a Restricted Subsidiary of the Borrower which is not a Credit Party and which is permitted by Section 10.1, (iv) arise pursuant to agreements entered into with respect to any sale, transfer, lease or other disposition permitted by Section 10.4, (v) are customary provisions in joint venture agreements and other similar agreements applicable to

joint ventures permitted under Section 10.5 and applicable solely to such joint venture entered into in the ordinary course of business, (vi) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 10.1, but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness, (vii) are customary restrictions on leases, subleases, licenses or Capital Stock or asset sale agreements otherwise permitted hereby so long as such restrictions relate to the Capital Stock or assets subject thereto, (viii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 10.1 to the extent that such restrictions apply only to the property or assets securing such Indebtedness, (ix) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or any Restricted Subsidiary, (x) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business, (xi) are restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business, and (xii) are imposed by law.

10.13 Permitted Activities of Holdings. Holdings shall not conduct, transact or otherwise engage in any business or operations other than (i) the ownership of the Capital Stock of the Borrower, (ii) the maintenance of its legal existence, including the ability to incur fees, costs and expenses relating to such maintenance, (iii) participating in tax, accounting and other administrative matters as a member of the consolidated group of Holdings and Borrower, (iv) the performance of the Credit Documents, (v) any public offering of its common stock or any other issuance of its Capital Stock not prohibited by Article 10, including the costs, fees and expenses related thereto, (vi) any transaction that Holdings is permitted to enter into or consummate under this Article 10, including making any Dividend permitted by Section 10.6 or holding any cash received in connection with Dividends made by the Borrower in accordance with Section 10.6 pending application thereof by Holdings in the manner contemplated by Section 10.6, (vii) incurring fees, costs and expenses relating to overhead and general operating including, without limitation, professional fees for legal, tax and accounting issues, (viii) providing indemnification to officers and directors and as otherwise permitted in Section 9 and 10 and (ix) activities incidental to the businesses or activities described in clauses (i) to (viii) of this Section 10.13. Holdings will not own or acquire any assets (other than shares of Capital Stock of the Borrower, cash and Permitted Investments) or incur any liabilities (other than liabilities under the Credit Documents, liabilities under its guarantee of the Senior Unsecured Subordinated Notes (or Refinanced Senior Unsecured Subordinated Notes or Permitted Additional Notes) and liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and business and activities permitted by this Agreement).

SECTION 11. Events of Default

Upon the occurrence of any of the following specified events (each an "Event of Default"):

11.1 Payments. The Borrower shall (a) default in the payment when due of any principal of the Loans or (b) default, and such default shall continue for five or more days, in the payment when due of any interest on the Loans or any Fees or any Unpaid Drawings or of any other amounts owing hereunder or under any other Credit Document; or

11.2 Representations, etc. Any representation, warranty or statement made or deemed made by any Credit Party herein or in any other Credit Document or any certificate, statement, report or other document delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

11.3 Covenants. Any Credit Party shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 9.1(e) or Section 10 or (b) default in the due performance or observance by it of any term, covenant or agreement (other than

those referred to in Section 11.1 or 11.2 or clause (a) of this Section 11.3) contained in this Agreement or any other Credit Document and such default shall continue unremedied for a period of at least 30 days after receipt of written notice by the Borrower from the Administrative Agent or the Required Lenders; or

11.4 Default Under Other Agreements. The Borrower or any of the Restricted Subsidiaries shall (i) default in any payment with respect to any Indebtedness (other than pursuant to Section 11.1) in excess of $20,000,000 in the aggregate for the Borrower and such Subsidiaries, beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist (other than, with respect to Indebtedness consisting of any Hedging Agreements, termination events or equivalent events pursuant to the terms of such Hedging Agreements), the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due prior to its stated maturity; or (b) without limiting the provisions of clause (a) above, any such Indebtedness shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment or as a mandatory prepayment (and, with respect to Indebtedness consisting of any Hedging Agreements, other than due to a termination event or equivalent event pursuant to the terms of such Hedging Agreements), prior to the stated maturity thereof; or

11.5 Bankruptcy, etc. The Borrower or any Specified Subsidiary shall commence a voluntary case, proceeding or action concerning itself under Title 11 of the United States Code entitled "Bankruptcy,"; or an involuntary case, proceeding or action is commenced against the Borrower or any Specified Subsidiary and the petition is not controverted within 10 days after commencement of the case, proceeding or action; or an involuntary case, proceeding or action is commenced against the Borrower or any Specified Subsidiary and the petition is not dismissed within 60 days after commencement of the case, proceeding or action; or a custodian (as defined in the Bankruptcy Code) receiver, receiver manager, trustee or similar person is appointed for, or takes charge of, all or substantially all of the property of the Borrower or any Specified Subsidiary; or the Borrower or any Specified Subsidiary commences any other proceeding or action under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any Specified Subsidiary; or there is commenced against the Borrower or any Specified Subsidiary any such proceeding or action that remains undismissed for a period of 60 days; or the Borrower or any Specified Subsidiary is adjudicated

insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding or action is entered; or the Borrower or any Specified Subsidiary suffers any appointment of any custodian receiver, receiver manager, trustee or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower or any Specified Subsidiary makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any Specified Subsidiary for the purpose of effecting any of the foregoing; or

11.6 ERISA. Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code; any Plan is or shall have been terminated or is the subject of termination proceedings under ERISA (including the giving of written notice thereof); an event shall have occurred or a condition shall exist in either case entitling the PBGC to terminate any Plan or to appoint a trustee to administer any Plan (including the giving of written notice thereof); any Plan shall have an accumulated funding deficiency (whether or not waived); any of the Borrower, any Subsidiary thereof or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code (including the giving of written notice thereof); (b) there could result from any event or events set forth in clause (a) of this Section 11.6 the imposition of a lien, the granting of a security interest, or a liability, or the reasonable likelihood of incurring a lien, security interest or liability; and (c) such lien, security interest or liability will or would be reasonably likely to have a Material Adverse Effect; or

11.7 Guarantee. The Guarantee or any material provision thereof shall cease to be in full force or effect or any Guarantor thereunder or any Credit Party shall deny or disaffirm in writing any Guarantor's obligations under the Guarantee; or

11.8 Security Documents. Any Security Document or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof or thereof or as a result of acts or omissions of the Administrative Agent, the Collateral Agent or any Lender) or any grantor, pledgor or mortgagor thereunder or any Credit Party shall deny or disaffirm in writing any grantor's, pledgor's or mortgagor's obligations under such Security Document; or

11.9 Subordination. The Specified Obligations or the obligations of Holdings or the Restricted Subsidiaries pursuant to the Guarantee shall cease to constitute senior indebtedness under the subordination provisions of any document or instrument evidencing any permitted subordinated Indebtedness or such subordination provisions shall be invalidated or otherwise cease to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms; or

11.10 Judgments. One or more judgments or decrees shall be entered against the Borrower or any of the Restricted Subsidiaries involving a liability of $20,000,000 or more in the aggregate for all such judgments and decrees for the Borrower and the Restricted Subsidiaries (to the extent not paid or fully covered by insurance provided by a carrier not

disputing coverage) and any such judgments or decrees shall not have been satisfied, vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

11.11 Change of Control. A Change of Control shall occur; then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Required Lenders, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower, except as otherwise specifically provided for in this Agreement (provided that, if an Event of Default specified in Section 11.5 shall occur with respect to the

Borrower or any Specified Subsidiary, the result that would occur upon the giving of written notice by the Administrative Agent as specified in clauses (i), (ii), (iii) and (v) below shall occur automatically without the giving of any such notice): (i) declare the Total Revolving Credit Commitment or the Total Swingline Commitment terminated and whereupon any such Commitment, if any, of each Lender or the Swingline Lender, as the case may be, shall forthwith terminate immediately and any Fees theretofore accrued shall forthwith become due and payable without any other notice of any kind, (ii) declare the principal of and any accrued interest and fees in respect of all Loans and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; (iii) terminate any Letter of Credit that may be terminated in accordance with its terms; and/or (iv) direct the Borrower to pay (and the Borrower agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 11.5 with respect to the Borrower or any Specified Subsidiary, it will pay) to the Administrative Agent at the Administrative Agent's Office such additional amounts of cash, to be held as security for the Borrower's reimbursement obligations for Drawings that may subsequently occur thereunder, equal to the aggregate Stated Amount of all Letters of Credit issued and then outstanding.

11.12 Borrower's Right to Cure.

(a) Financial Performance Covenants. Notwithstanding anything to the contrary contained in this Section 11, in the event that the Borrower fails to comply with the requirements of any Financial Performance Covenant, until the expiration of the 10th day subsequent to the date the certificate calculating such Financial Performance Covenant is required to be delivered pursuant to Section 9.1(d), Holdings or the Borrower shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions to the capital of Holdings or the Borrower (collectively, the "Cure Right"), and upon the receipt by the Borrower of such cash (the "Cure Amount") pursuant to the exercise by the Borrower of such Cure Right such Financial Performance Covenant shall be recalculated giving effect to the following pro forma adjustments:

(i) Consolidated EBITDA shall be increased, solely for the purpose of measuring the Financial Performance Covenants and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of all Financial Performance Covenants, the Borrower shall be deemed to have satisfied the requirements of the Financial Performance Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenants that had occurred shall be deemed cured for this purposes of this Agreement.

(b) Limitation on Exercise of Cure Right. Notwithstanding anything herein to the contrary, (a) in each four fiscal-quarter period there shall be at least two consecutive fiscal quarters during which the Cure Right is not exercised and (b) the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Performance Covenants.

SECTION 12. The Administrative Agent

12.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Credit Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent. The Syndication Agent, in its capacity as such, shall have no obligations, duties or responsibilities under this Agreement but shall be entitled to all benefits of this Section 12.

12.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

12.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Document (except for its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower, any Guarantor, any other Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Credit Document or for the value, validity, effectiveness, genuineness, enforceability or

sufficiency of this Agreement or any other Credit Document or for any failure of the Borrower, any Guarantor or any other Credit Party to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of the Borrower.

12.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements

of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

12.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders (except to the extent that this Agreement requires that such action be taken only with the approval of the Required Lenders or each of the Lenders, as applicable).

12.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, any Guarantor or any other Credit Party, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that 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 appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower, any Guarantor and any other Credit Party and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents 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 analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower, any Guarantor and any other Credit Party. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, assets, operations, properties, financial condition, prospects or creditworthiness of the Borrower, any Guarantor or any other Credit Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

12.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective portions of the Total Credit Exposure in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their respective portions of the Total Credit Exposure in effect immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (including at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing, provided that no Lender shall be liable for the payment of 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. The agreements in this Section 12.7 shall survive the payment of the Loans and all other amounts payable hereunder.

12.8 Administrative Agent in its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, any Guarantor and any other Credit Party as though the Administrative Agent were not the Administrative Agent hereunder and under the other Credit Documents. With respect to the Loans made by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

12.9 Successor Agent. The Administrative Agent may resign as Administrative Agent upon 20 days' prior written notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Credit Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower (which approval shall not be unreasonably withheld), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any Lenders or other holders of the Loans. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Credit Documents.

12.10 Withholding Tax. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax, except taxes imposed as a result of a current or former connection unrelated to this Agreement between the Administrative Agent and any jurisdiction outside of the United States imposing such tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

12.11 Collateral Agent. Each Lender hereby further authorizes the Administrative Agent to appoint the Collateral Agent to act on behalf of the Lenders, and authorizes the Collateral Agent, on behalf of and for the benefit of Lenders, to be the agent for and representative of the Lenders with respect to the Collateral and the Security Documents.

SECTION 13. Miscellaneous

13.1 Amendments and Waivers. Neither this Agreement nor any other Credit Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 13.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the relevant Credit Party or Credit Parties written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or the Credit Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Credit

Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver, amendment, supplement or modification shall directly (i) forgive any portion of any Loan or extend the final scheduled maturity date of any Loan or reduce the stated rate, or forgive any portion, or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates), or reduce or extend the date for payment of any Unpaid Drawings, or extend the final expiration date of any Lender's Commitment or extend the final expiration date of any Letter of Credit beyond the date specified in Section 3.1(a), or increase the aggregate amount of any Commitment of any Lender, or amend or modify any provisions of Section 13.8(a) or any other provision that provides for the pro rata nature of disbursements by or payments to Lenders, in each case without the written consent of each Lender directly and adversely affected thereby, or (ii) amend, modify or waive any provision of this Section 13.1 or reduce the percentages specified in the definitions of the terms "Required Term Loan Lenders", "Required Revolving Credit Lenders", and "Required Lenders" or consent to the assignment or transfer by the Borrower of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Section 10.3), in each case without the written consent of each Lender directly and adversely affected thereby, or (iii) amend, modify or waive any provision of Section 12 without the written consent of the then-current Administrative Agent, or (iv) amend, modify or waive any provision of Section 3 without the written consent of the Letter of Credit Issuer, or (v) amend, modify or waive any provisions hereof relating to Swingline Loans without the written consent of the Swingline Lender, or (vi) change any Commitment to a Commitment of a different Class in each case without the prior written consent of each Lender directly and adversely affected thereby, or (vii) release all or substantially all of the Guarantors under the Guarantee (except as expressly permitted by the Guarantee), or release all or substantially all of the Collateral under the Security Agreement, the Pledge Agreement and the Mortgages, in each case without the prior written consent of each Lender, or (viii) amend Section 2.9(a) so as to permit Interest Period intervals greater than six months without regard to availability to Lenders, without the written consent of each Lender directly and adversely affected thereby, or (ix) decrease any Tranche C Term Loan Repayment Amount, extend any scheduled Tranche C Term Loan Repayment Date or decrease the allocation of any mandatory prepayment to be received by any Lender holding any Tranche C Term Loans, in each case without the written consent of the Required Term Tranche C Loan Lenders, or (x) amend, modify or waive any provision of any Credit Document that would disproportionately affect the obligation of the Borrower to make payments with respect to any Credit Facility without the written consent of the Required Tranche C Term Loan Lenders or the Required Tranche C Term Loan Lenders or the Revolving Credit Lenders, as applicable. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrower, such Lenders, the Administrative Agent and all future holders of the affected Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing, it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Notwithstanding the foregoing, (A) each Joinder Agreement may, without the input or consent of the other Lenders, effect such amendments to this Agreement and the other Credit Documents as may be necessary or appropriate in the opinion of the Administrative Agent, to effect the provisions of Section 2.14 and (B) the Administrative Agent

and the Borrower may effect such amendments to this Agreement as may be necessary or appropriate to effect the provisions set forth in the proviso to the definition of Required Cash.

In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing, replacement or modification of all outstanding Term Loans ("Refinanced Term Loans") with a replacement term loan tranche hereunder ("Replacement Term Loans"), provided that (a) the aggregate principal amount of such Refinanced Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (b) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Refinanced Term Loans, (c) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Refinanced Term Loans at the time of such refinancing (except to the extent of nominal amortization for periods where amortization has been eliminated as a result of the prepayment of applicable Term Loans) and (d) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or no less favorable to the Lenders providing such Replacement Term Loans than those applicable to such Refinanced Term Loans, except to the extent necessary to provide for

covenants and other terms applicable to any period after the latest final maturity of the Term Loans of such Class in effect immediately prior to such refinancing.

13.2 Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile transmission or other electronic transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth on Schedule 1.1(b) in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:

LPL Holdings, Inc.
9785 Towne Centre Drive
San Diego, California 92121-1968
Attention: Chief Financial Officer
Telecopier: 858-642-7455

With a copy to:
LPL Holdings, Inc.
1 Beacon Street, 22nd Floor
Boston, Massachusetts 02108-3100
Attention: General Counsel
Telecopier: 617-536-2811

The Administrative Agent and the Collateral Agent:

Morgan Stanley Senior Funding, Inc.
One Pierrepont Plaza, 7th Floor
300 Cadman Plaza West
Brooklyn, New York 11201
Attention: Larry Benison
Eric De Santis
Telephone: 718-754-7299 / 7290
Telecopier: 718-754-7249 / 7250
E-mail: larry.benison@morganstanley.com
Eric.desantis@morganstanley.com

provided, that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 4.2 and 5.1 shall not be effective until received.

(b) Notices and other communications to the Lenders and the Letter of Credit Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent and the Borrower; provided, that the foregoing shall not apply to notices to any Lender or the Letter of Credit Issuer pursuant to Section 2 if such Lender or the Letter of Credit Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, that approval of such procedures may be limited to particular notices or communications. Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided, that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

13.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right,

remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

13.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

13.5 Payment of Expenses and Taxes; Indemnification. (a) The Borrower agrees (i) to pay or reimburse the Agents for all their reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any consent, waiver, amendment, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of one counsel to the Agents with statements with respect to the foregoing to be submitted to the Borrower prior to the Effective Date (in the case of amounts to be paid on the Effective Date and from time to time thereafter on a quarterly basis), (ii) to pay or reimburse each Lender and the Administrative Agent and the Collateral Agent for all their reasonable and documented costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, including the reasonable fees, disbursements and other charges of one counsel to the Administrative Agent and the Collateral Agent (unless there is an actual or perceived conflict of interest in which case each such Person may retain its own counsel), and one counsel for the Lenders (unless there is an actual or perceived conflict of interest in which case each Lender affected thereby may retain its own counsel), (iii) to pay, indemnify, and hold harmless each Lender and each Agent from any and all reasonable out-of-pocket costs and expenses of creating and perfecting Liens in favor of the Collateral Agent, for the benefit of the Secured Parties including recording and filing fees, UCC search fees, title insurance premiums (to the extent not directly paid to the applicable insurer) and any and all liabilities with respect to, or resulting from, any delay in paying, stamp, excise and other similar taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Credit Documents and any such other documents, and (iv) to pay, indemnify and hold harmless each Lender, the Collateral Agent and the Administrative Agent and their respective Affiliates, directors, officers, employees, trustees, attorneys, advisors and agents from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of one counsel to the Administrative Agent and the Collateral Agent (unless there is an actual or perceived conflict of interest in which case each such Person may retain its own counsel) and one counsel for the Lenders (unless there is an actual or perceived conflict of interest in which case each Lender affected thereby may retain its own counsel), with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Credit Documents and any such other documents, including any of the foregoing relating to the violation of, noncompliance with or liability under, any Environmental Law or any actual or alleged presence of Hazardous Materials applicable to the operations of the Borrower, any of its Subsidiaries or

any of the Real Estate (all the foregoing in this clause (iv), collectively, the "indemnified liabilities"); provided, that the Borrower shall have no obligation hereunder to the Agents or any Lender nor any of their respective Affiliates, directors, officers, employees, trustees and agents with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the party to be indemnified or disputes among the Agents, the Lenders and/or their transferees not arising from any act or omission of the Borrower or any other Credit Party. If for any reason the foregoing indemnification is unavailable to any Agent or Lender or insufficient to hold it harmless, then the Borrower shall contribute to the amount paid or payable by such Agent or such Lender as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of (i) Holdings, the Borrower and its Subsidiaries on the one hand and (ii) such Agent or such Lender on the other hand in the matters contemplated by the Credit Documents as well as the relative fault of (i) Holdings, the Borrower and its Subsidiaries and (ii) such Agent or such Lender with respect to such loss, claim, damage or liability and any other relevant equitable considerations.

(b) No Credit Party nor any Person indemnified pursuant to clause (iv) of Section 13.5(a) shall have any liability for any punitive, indirect or consequential damages resulting from this Agreement or any other Credit Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date).

(c) The agreements in this Section 13.5 shall survive repayment of the Loans and all other amounts payable hereunder.

13.6 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Letter of Credit Issuer that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Letter of Credit Issuer that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Letter of Credit Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not be unreasonably withheld or delayed; it being understood that, without limitation, the Borrower shall have the right to withhold its consent to any assignment if, in order for such assignment to comply with applicable law, the Borrower would be required to obtain the consent of, or make any filing or registration with, any Governmental Authority, other than routine filings or registrations) of:

(A) the Borrower; provided, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender (unless increased costs would result therefrom, except if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing), an Approved Fund or, if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing, any other assignee; and

(B) the Administrative Agent, and, in the case of Revolving Credit Commitments or Revolving Credit Loans, the Swingline Lender, and in the case of Revolving Credit Commitments, the Letter of Credit Issuer; provided, that no consent of the Administrative Agent, the Swingline Lender or the Letter of Credit Issuer shall be required for an assignment of (x) any Commitment to an assignee that is

a Lender with a Commitment of the same Class immediately prior to giving effect to such assignment or (y) any Term Loan to a Lender, an Affiliate of a Lender or an Approved Fund.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans of any Class, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than, in the case of Revolving Commitments or Revolving Loans, $5,000,000, or in the case of a Tranche C Term Loan Commitment, a New Term Loan Commitment or Term Loans, $1,000,000 (provided that for purposes of calculating such minimum amounts of Term Loans, any assignment of a Tranche C Term Loan Commitment or a New Term Loan Commitment shall be aggregated), unless each of the Borrower and the Administrative Agent otherwise consents; provided, that no such consent of the Borrower shall be required if an Event of Default under Section 11.1 or Section 11.5 has occurred and is continuing; and provided, further, that contemporaneous assignments to a single assignee made by affiliated Lenders shall be aggregated for purposes of meeting the minimum assignment amount requirements stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement; provided that this paragraph shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in a form approved by the Administrative Agent.

For the purpose of this Section 13.6(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 3.5, 5.4 and 13.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and any payment made by the Letter of Credit Issuer under any Letter of Credit owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Letter of Credit Issuer and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register, as in effect at the close of business on the preceding Business Day, shall be available for inspection by the Borrower, the Letter of Credit Issuer and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed administrative questionnaire (unless the assignee shall already be a Lender hereunder) and any written consent to such assignment required by paragraph (b)(i) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information

contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless and until it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent, the Letter of Credit Issuer or the Swingline Lender, sell participations to one or more banks or other entities (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it), provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Letter of Credit Issuer and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document, provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant,

agree to any amendment, modification or waiver described in the first proviso to Section 13.1 that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.11 and 5.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 13.8(b) as though it were a Lender, provided such Participant agrees to be subject to Section 13.8(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10, 2.11, 3.5 or 5.4 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 Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 5.4 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 5.4(b) as though it were a Lender.

(d) Any Lender may, without the consent of the Borrower or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest, provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In order to facilitate such pledge or assignment, the Borrower hereby agrees that, upon request of any Lender at any time and from time to time after the Borrower has made its initial borrowing hereunder, the Borrower, as the case may be, shall provide to such Lender, at the Borrower's own expense, a promissory note, substantially in the form of Exhibit I-1, I-2 or I-3, as the case may be, evidencing Tranche C Term Loans, New Term Loans and Revolving Credit Loans and Swingline Loans, respectively, owing to such Lender.

(e) Subject to Section 13.16, the Borrower authorizes each Lender to disclose to any Participant, secured creditor of such Lender or assignee (each, a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning the Borrower and its Affiliates that has been delivered to such Lender by or on behalf of the Borrower and its Affiliates pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower and its Affiliates in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

13.7 Replacements of Lenders under Certain Circumstances. (a) The Borrower shall be permitted to replace any Lender (or any Participant) that (a) requests reimbursement for amounts owing pursuant to Section 2.10, 2.11, 3.5 or 5.4, (b) is affected in the manner described in Section 2.10(a)(iii) and as a result thereof any of the actions described in such Section is required to be taken or (c) becomes a Defaulting Lender, with a replacement bank or other financial institution; provided, that (i) such replacement does not conflict with any Applicable Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) the Borrower shall repay (or the replacement bank or institution shall purchase, at par) all Loans and other amounts (other than any disputed amounts) pursuant to Section 2.10, 2.11, 3.5 or 5.4, as the case may be, owing to such replaced Lender prior to the date of replacement, (iv) the replacement bank or institution, if not already a Lender, and the terms and conditions of such replacement, shall be reasonably satisfactory to the Administrative Agent, (v) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.6 and (vi) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender or that the replaced Lender shall have against the Borrower and the other parties for indemnity, contribution, payment of disputed and other unpaid amounts and otherwise.

(b) If any Lender (such Lender a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination, which pursuant to the terms of Section 13.1 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then provided no Default or Event of Default then exists, the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans and Commitments to one or more assignees reasonably acceptable to the Administrative Agent, provided that: (i) all Obligations of the Borrower owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrower, the Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 13.6.

13.8 Adjustments; Set-off. (a) If any Lender (a "benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 10.5, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans or interest thereon, such benefited Lender shall purchase for cash

from the other Lenders a participating interest in such portion of each such other Lender's Loans, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) After the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may

be. Each Lender agrees promptly to notify the Borrower, as the case may be, and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

13.9 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

13.10 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.11 Integration. This Agreement and the other Credit Documents represent the agreement of Holdings, the Borrower, the Administrative Agent, the Collateral Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent, the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

13.12 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

13.13 Submission to Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof; provided, that the Borrower agrees that it shall not commence any actions or proceedings against any Lender or any Agent relating to this Agreement and the other Credit Documents in the State of California;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 13.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13.13 any special, exemplary, punitive or consequential damages.

13.14 Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to Holdings or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between Administrative Agent and Lenders, on one hand, and Holdings or the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among Holdings, the Borrower and the Lenders.

13.15 WAIVERS OF JURY TRIAL. **HOLDINGS, THE BORROWER, THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS**

AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13.16 Confidentiality. The Collateral Agent, the Administrative Agent and each Lender shall hold all non-public information (other than non-public information that becomes public other than by reason of a breach of this Section by a Person or from a known breach of any confidentiality obligations owing to Holdings, the Borrower or any of their Subsidiaries) furnished by or on behalf of Holdings and the Borrower in connection with such Lender's evaluation of whether to become a Lender hereunder or obtained by such Lender, the Collateral Agent or the Administrative Agent pursuant to the requirements of this Agreement ("Confidential Information") confidential in accordance with its customary procedure for handling

confidential information of this nature and (in the case of a Lender that is a bank) in accordance with safe and sound banking practices and in any event may make disclosure as required or requested by any governmental agency or representative thereof or pursuant to legal or regulatory process or to such Lender's, the Collateral Agent's, or the Administrative Agent's attorneys, professional advisors or independent auditors or Affiliates; provided, that unless specifically prohibited by applicable law or court order, each Lender, the Collateral Agent and the Administrative Agent shall notify Holdings and the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; and provided, further, that in no event shall any Lender, the Collateral Agent or the Administrative Agent be obligated or required to return any materials furnished by Holdings, the Borrower or any Subsidiary of the Borrower. Each Lender, the Collateral Agent and the Administrative Agent agrees that it will not provide to prospective Transferees or to any pledgee referred to in Section 13.6(d) or to prospective direct or indirect contractual counterparties under Interest Rate Hedging Agreements to be entered into in connection with Loans made hereunder any of the Confidential Information unless such Person is advises of and agrees to be bound by the provisions of (or provisions substantially similar to) this Section 13.16.

13.17 USA PATRIOT Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

13.18 Effect of Amendment and Restatement of the Original Credit Agreement. On the Effective Date, the Original Credit Agreement shall be amended, restated and superseded in its entirety. The parties hereto acknowledge and agree that (a) this Agreement and the other Credit Documents, whether executed and delivered in connection herewith or otherwise, do not constitute a novation, payment and reborrowing, or termination of the Original Obligations under the Original Credit Agreement as in effect prior to the Effective Date, (b) such Original Obligations are in all respects continuing (as amended and restated hereby) as Indebtedness and Obligations outstanding under this Agreement and (c) this Agreement shall supersede and replace in its entirety the Original Credit Agreement, and such Original Credit Agreement shall be of no further force and effect.

13.19 Consent of Required Lenders. By its execution hereof, each Tranche C Term Loan Lender party to this Agreement consents to the amendment and restatement of the Original Credit Agreement, as set forth herein , and the amendment, amendment and restatement, replacement or other modification to any other Credit Documents, in each case, as so amended, amended and restated, replaced or otherwise modified on the Effective Date in the form entered into by the Credit Parties and the applicable Agent. Upon the receipt of written consents from the Required Lenders (as defined in the Original Credit Agreement) pursuant to this Section 13.19 and Section 6.5(a), and notwithstanding any provision to the contrary contained in the Original Credit Agreement, the Original Credit Agreement may be amended and restated in its entirety so long as the Original Term Loans of each Original Lender not consenting to the amendment and restatement as provided for herein receives payment in full of the principal of, and interest accrued on, each Original Term Loan made by it and all other amounts owing to it or accrued for its account (other than contingent indemnification obligations) under the Original Credit Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

LPL HOLDINGS, INC.

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

LPL INVESTMENT HOLDINGS INC.

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

INDEPENDENT ADVISERS GROUP CORPORATION

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

GLENOAK, LLC

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

LINSCO/PRIVATE LEDGER INSURANCE ASSOCIATES, INC.

By: /s/ Thomas Berry
Name: Thomas Berry
Title: Secretary and Vice-President

GOLDMAN SACHS CREDIT PARTNERS L.P.,
as Sole Lead Arranger, Sole Bookrunner, Syndication Agent and a Lender

By: /s/ Bruce Mendelsohn
Bruce H. Mendelsohn
Authorized Signatory

MORGAN STANLEY SENIOR FUNDING, INC., as Administrative Agent and a Lender

By: /s/ Stephen B. King
Name: Stephen B. King
Title: Vice President

MORGAN STANLEY & CO., as Collateral Agent

By: /s/ Stephen B. King
Name: Stephen B. King
Title: Executive Director

SCHEDULE 1.1(B)
TO AMENDED AND RESTATED CREDIT AGREEMENT

Tranche C Term Loan Commitments

Lender	Tranche C Term Loan Commitment	Pro Rata Share
Goldman Sachs Credit Partners L.P.	$ 135,619,407.41	17.07%
All Continuing Lenders	$ 658,755,592.59	82.93%
Total	**$ 794,375,000**	**100%**

2005 STOCK OPTION PLAN
for
INCENTIVE STOCK OPTIONS

LPL INVESTMENT HOLDINGS INC.

(F/K/A BD INVESTMENT HOLDINGS INC.)

1. Purpose. The purpose of this 2005 Stock Option Plan for Incentive Stock Options (the "ISO Plan") is to give LPL Investment Holdings Inc. (f/k/a BD Investment Holdings Inc.) and its subsidiaries (the "Company") a competitive advantage in attracting, retaining and motivating employees.

2. Type of Stock Options. Options granted under the ISO Plan shall be deemed "Incentive Stock Options" and shall meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Tax Code"). No term of the ISO Plan or related option agreement shall be interpreted, amended, nor shall the Board exercise any discretion or authority so as to disqualify the ISO Plan or any related option agreement under such Section 422 of the Tax Code without the consent of the Participant (as defined below) affected.

3. Administration. The Board of Directors of the Company (the "Board"), or any committee the Board may designate, shall have plenary authority to administer the ISO Plan. All decisions made by the Board or designated committee pursuant to the ISO Plan shall be final and conclusive. The Board or designated committee may correct any defect or supply any omission or reconcile any inconsistency in the ISO Plan or in any option agreement in the manner and to the extent it shall deem appropriate to carry the same into effect.

4. Eligibility. Employees of Company or its subsidiaries who contribute to the management, growth and profitability of the Company may be granted options under the ISO Plan at the discretion of the Board ("Participants").

5. Form of Option Agreements. As a condition to the grant of options under the ISO Plan, each Participant shall execute an option agreement in such form as may be approved by the Board. The terms and provisions of such option agreements may differ among Participants. Such agreements shall become effective upon execution by the Company and the Participant. If requested by the Company, each Participant shall enter into a shareholders' agreement in such form as may be determined by the Company prior to the issuance of any stock under the ISO Plan and related option agreement.

6. Stock Subject to ISO Plan. The total number of shares of stock reserved and available for grants under the ISO Plan shall be 3,349,437 shares of common stock of the Company. The Board may in its discretion make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under the ISO Plan. Any shares subject

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to an option that is forfeited, terminated, canceled or unexercised shall again be available for grant under the ISO Plan.

7. Purchase Price. The purchase price per share of common stock purchasable under any option grant shall not be less than 100% of the fair market value per share on the date of grant as determined by the Board. "Fair market value" means the value of a share of common stock, determined as follows: if on the grant date or other determination date the common stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded on an established securities market, the fair market value of a share of common stock shall be the closing price of the common stock on such exchange or in such market (the highest such closing price if there is more than one such exchange or market) on the grant date or such other determination date (or if there is no such reported closing price, the fair market value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of common stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the common stock is not listed on such an exchange, quoted on such system or traded on such a market, fair market value shall be the value of the common stock as determined by the Board in good faith.

8. Option Term. Incentive Stock Options shall not be exercisable more than 10 years after the date of grant.

9. Adjustments. The Board shall make or provide for a fair and proportionate adjustment in the number, price and kind of common stock underlying the option in order to maintain the proportional interests of the Participants and preserve the value of the option granted hereunder in the event of any recapitalization, stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, stock exchange or other transaction or event in which shares are increased, decreased, changed into or exchanged for other securities of the Company or of another entity. Any adjustment shall be made without changing the aggregate purchase price of the option. Fractional shares will not be issued on account of any such adjustments.

10. Exercisability. Options shall vest and become exercisable at such time or times and subject to such terms and conditions as shall be determined by the Board. The Board may at any time accelerate the vesting, and/or extend the exercise period, of any option.

11. Method of Exercise. Vested options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company in such form as provided by the Company. Notice shall be accompanied by full payment of the purchase price in a form acceptable to the Company. No shares of common stock shall be issued until the Participant has made full payment therefor and, if requested, has entered into a shareholders' agreement in such form as provided by the Company.

12. Nontransferability. No option granted under the ISO Plan shall be assignable or otherwise transferable by the Participant other than by will or by the laws of descent and distribution. The Company shall have no obligation to provide notice to the transferee of

the termination of an option due to termination of employment, death, disability or retirement of the original Participant. No common stock purchased under the ISO Plan or related option agreement shall be assignable or otherwise transferable by the holder without the prior written consent of the Company.

13. Termination. If the employment of a Participant terminates for any reason, any option held by that Participant may thereafter be exercised only in accordance with the terms and conditions established by the applicable option agreement.

14. Company Call Option. On receipt of written notice of exercise, the Board may elect to cash out all or part of the portion of the shares of common stock for which an option is being exercised. In that event, the Board shall pay the Participant an amount, in cash or common stock, at the discretion of the Board, equal to the excess of the fair market value of the common stock over the option price times the number of shares of common stock for which the option is being exercised on the effective date of such cash-out. In the event the Company makes an initial public offering under the Securities Act of 1933, as amended, of any of its outstanding shares of common stock (a "Public Offering"), the provisions of this Section 14 shall terminate upon the completion of the Public Offering.

15. Mergers, Reorganizations and other Capital Transactions.

(a) *Reorganization in Which the Company Is the Surviving Corporation and in which there is no Change of Control*. Subject to Subsection (b) of this Section 15, if the Company shall be the surviving corporation in any reorganization, merger or consolidation of the Company with one or more other corporations in which a Change of Control does not occur, all outstanding options granted under the ISO Plan shall pertain to and apply to the securities, cash or other property (or any combination thereof) to which a holder of the number of shares of common stock of the Company subject to such options would have been entitled immediately following such reorganization, merger or consolidation, with a corresponding proportionate adjustment of the purchase price per share so that the aggregate purchase price thereafter shall be the same as the aggregate purchase price of the shares subject to such options immediately prior to such reorganization, merger or consolidation.

(b) *Reorganization in Which the Company Is Not the Surviving Corporation or in which there is a Change of Control.* Subject to the exceptions set forth in the last sentence of this Section 15(b), fifteen days prior to the scheduled consummation of a Change of Control (as defined in Section 15(c) herein), all options outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days. Any exercise of an option during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event. Upon consummation of any Change of Control, the ISO Plan and all outstanding but unexercised options shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold options not later than the time at which the Company gives notice thereof to its stockholders. This Section 15(b) shall not apply to any Change of Control to the extent that (i) provision is made in writing in connection with such Change of Control for the

assumption of the options theretofore granted, or for the substitution for such options of new options covering the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and purchase prices, in which event the ISO Plan and options theretofore granted shall continue in the manner and under the terms so provided or (ii) a majority of the full Board determines that such Change of Control shall not trigger application of the provisions of this Section 15(b).

(c) *Definition of "Change of Control."* For purposes of this Section 15, Change of Control means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates of the Company at the time the ISO Plan is approved by the Company's stockholders) owning 50% or more of the combined voting power of all classes of stock of the Company.

16. Term. The ISO Plan will terminate 10 years after the effective date thereof. Under the ISO Plan, granted stock options outstanding as of such date shall not be affected or impaired by the termination of the ISO Plan.

17. Amendment. The Board may amend, alter, or discontinue the ISO Plan in its discretion. If the ISO Plan is discontinued, granted stock options outstanding as of the date of such discontinuation shall not be effected or impaired.

18. General Provisions.

(1) The Board may require each person purchasing or receiving shares pursuant to an option grant to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates, if any, for such shares may include any legend which the Board deems appropriate to reflect any restrictions on transfer.

(2) Nothing contained in the ISO Plan shall prevent the Company or its subsidiaries from adopting other or additional compensation arrangements for its employees, officers and directors.

(3) Adoption of the ISO Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or its subsidiaries to terminate the employment of any employee at any time.

(4) The ISO Plan and all options granted and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws that would direct the application of laws of any other jurisdiction.

19. Effective Date of ISO Plan. The ISO Plan shall be effective as of the date it is approved by a majority of the outstanding voting shares of common stock of the Company.

20. Blue Sky Provisions. Notwithstanding the foregoing sections, any option granted under the ISO Plan to a Participant who is a resident of the State of California on the grant date shall be subject to the following additional terms and conditions:

(1) Options may not be made under the ISO Plan to Participants ten years after the earlier of :(i) the date the ISO Plan was adopted by the Board or (ii) the date the ISO Plan was approved by the shareholders of the Company.

(2) An option granted under the ISO Plan to a Participant who is a person who owns stock possessing more than 10% of the combined voting power of all classes of stock of the Company or its parent or its subsidiary corporations shall have a purchase price of at least 110% of the fair market value of a share of common stock on the grant date.

(3) Any option granted under the ISO Plan to a Participant who is not an officer, director, or consultant of the Company or its affiliates shall become exercisable at a rate of at 20% of the shares of stock subject to such grant per year for a period of five years from the grant date; provided, that, such option shall be subject to such reasonable forfeiture conditions as the Board may choose to impose and which are not inconsistent with Section 260.140.41 of the California Code of Regulations or any successor statute (the "California Code").

(4) The Company shall deliver to the Participant financial statements on an annual basis regarding the Company. The financial statements so provided shall comply with Section 260.140.46 of the California Code, but need not comply with Section 260.613 of the California Code.

(5) Any transfer of an option granted under the ISO Plan authorized by the Board in an option agreement must comply with Section 260.140.41(d) of the California Code.

(6) Unless a Participant's employment is terminated for cause as defined by applicable law, the Participant shall have the right to exercise an option prior to its termination in accordance with Section 13 herein and only to the extent that the Participant was entitled to exercise such stock option on the date employment terminates, as follows: (i) at least six months from the date of termination if the termination was caused by the Participant's death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Tax Code), and (ii) at least 30 days from the date of termination if termination was caused by other than death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Tax Code) of the Participant.

(7) At no time shall the total number of shares of common stock issuable upon

exercise of all outstanding options and the total number of shares provided for under all stock bonus or similar plans of the Company exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of the California Code.

The restrictions of this Section 20 shall terminate upon the completion of a Public Offering (as defined in Section 14 above).

2005 STOCK OPTION PLAN
for
NON-QUALIFIED STOCK OPTIONS

LPL INVESTMENT HOLDINGS INC.

(F/K/A BD INVESTMENT HOLDINGS INC.)

1. Purpose. The purpose of this 2005 Stock Option Plan for Non-Qualified Stock Options (the "NSO Plan") is to give LPL Investment Holdings Inc., (f/k/a BD Investment Holdings Inc.) and its subsidiaries (the "Company") a competitive advantage in attracting, retaining and motivating employees.

2. Type of Stock Options. Options granted under the NSO Plan shall be in the form of "Non-Qualified Stock Options," which are not intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. Administration. The Board of Directors of the Company (the "Board"), or any committee the Board may designate, shall have plenary authority to administer the NSO Plan. All decisions made by the Board or designated committee pursuant to the NSO Plan shall be final and conclusive. The Board or designated committee may correct any defect or supply any omission or reconcile any inconsistency in the NSO Plan or in any option agreement in the manner and to the extent it shall deem appropriate to carry the same into effect.

4. Eligibility. All employees, officers and directors of the Company and its subsidiaries who contribute to the management, growth and profitability of the Company may be granted stock options under the NSO Plan at the discretion of the Board ("Participants").

5. Form of Option Agreements. As a condition to the grant of options under the NSO Plan, each Participant shall execute an option agreement in such form as may be approved by the Board. The terms and provisions of such option agreements may differ among Participants. Such agreements shall become effective upon execution by the Company and the Participant. If requested by the Company, each Participant shall enter into a shareholders' agreement in such form as may be determined by the Company prior to the issuance of any stock under the NSO Plan and related option agreement.

6. Stock Subject to NSO Plan. Shares of stock reserved and available for grants under the NSO Plan shall be 199,264 shares of common stock of the Company. The Board may in its discretion make such substitution or adjustments in the aggregate number and kind of shares reserved for issuance under the NSO Plan. Any shares subject to an option that is forfeited, terminated, canceled or unexercised shall again be available for grant under the

NSO Plan.

7. Purchase Price. The purchase price per share of common stock purchasable under any option grant shall be determined by the Board at the time of grant.

8. Option Term. Options under this NSO Plan shall not be exercisable more than 10 years after the date of grant.

9. Adjustments. The Board shall make or provide for a fair and proportionate adjustment in the number, price and kind of common stock underlying the option in order to maintain the proportional interests of the Participants and preserve the value of the option herein granted in the event of any recapitalization, stock split, reorganization, merger, consolidation, spin-off, combination, repurchase, stock exchange or other transaction or event in which shares are increased, decreased, changed into or exchanged for other securities of the Company or of another entity. Any adjustment shall be made without changing the aggregate purchase price of the option. Fractional shares will not be issued on account of any such adjustments.

10. Exercisability. Options shall vest and become exercisable at such time or times and subject to such terms and conditions as shall be determined by the Board. The Board may at any time accelerate the vesting of any option.

11. Method of Exercise. Vested options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company in such form as provided by the Company. Notice shall be accompanied by full payment of the purchase price in a form acceptable to the Company. No shares of common stock shall be issued until the Participant has made full payment therefor and, if requested, has entered into a shareholders' agreement in such form as provided by the Company.

12. Nontransferability. No option granted under the NSO Plan shall be assignable or otherwise transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) pursuant to a qualified domestic relations order, except that the Board may, in its discretion, authorize transfer of an option in which event the transferee shall agree in writing to be bound by the NSO Plan and any related option agreement. The Company shall have no obligation to provide notice to the transferee of the termination of an option due to termination of employment, death, disability or retirement of the original Participant. No common stock purchased under the NSO Plan or related option agreement shall be assignable or otherwise transferable by the holder without the prior written consent of the Company.

13. Termination. If the employment of a Participant terminates for any reason, any option held by that Participant may thereafter be exercised only in accordance with the terms and conditions established by the applicable option agreement.

14. Company Call Option. On receipt of written notice of exercise, the Board may elect to cash out all or part of the portion of the shares of common stock for which an option is being exercised. In that event, the Board shall pay the Participant an amount, in cash or common stock, at the discretion of the Board, equal to the excess of the fair market value of the common stock over the option price times the number of shares of common stock for which the option is being exercised on the effective date of such cash-out. In the event the Company makes an initial public offering under the Securities Act of 1933, as amended, of any of its outstanding shares of common stock (a "Public Offering"), the provisions of this Section 14 shall terminate upon the completion of the Public Offering.

15. Mergers, Reorganizations and other Capital Transactions.

(a) *Reorganization in Which the Company Is the Surviving Corporation and in which there is no Change of Control*. Subject to Subsection (b) of this Section 15, if the Company shall be the surviving corporation in any reorganization, merger or consolidation of the Company with one or more other corporations in which a Change of Control (as defined in Section 15(c) herein) does not occur, all outstanding options granted under the NSO Plan shall pertain to and apply to the securities, cash or other property (or any combination thereof) to which a holder of the number of shares of common stock of the Company subject to such options would have been entitled immediately following such reorganization, merger or consolidation, with a corresponding proportionate adjustment of the purchase price per share so that the aggregate purchase price thereafter shall be the same as the aggregate purchase price of the shares subject to such options immediately prior to such reorganization, merger or consolidation.

(b) *Reorganization in Which the Company Is Not the Surviving Corporation or in which there is a Change of Control*. Subject to the exceptions set forth in the last sentence of this Section 15(b), fifteen days prior to the scheduled consummation of a Change of Control, all options outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days. Any exercise of an option during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event. Upon consummation of any Change of Control, the NSO Plan and all outstanding but unexercised options shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold options not later than the time at which the Company gives notice thereof to its stockholders. This Section 15(b) shall not apply to any Change of Control to the extent that (i) provision is made in writing in connection with such Change of Control for the assumption of the options theretofore granted, or for the substitution for such options of new options covering the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and purchase prices, in which event the NSO Plan and options theretofore granted shall continue in the manner and under the terms so provided or (ii) a majority of the full Board determines that such Change of Control shall not

trigger application of the provisions of this Section 15(b).

(c) *Definition of "Change of Control."* For purposes of this Section 15, Change of Control means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates of the Company at the time the NSO Plan is approved by the Company's stockholders) owning 50% or more of the combined voting power of all classes of stock of the Company.

16. Term. The NSO Plan will terminate 10 years after the effective date thereof. Under the NSO Plan, granted stock options outstanding as of such date shall not be affected or impaired by the termination of the NSO Plan.

17. Amendment. The Board may amend, alter, or discontinue the NSO Plan in its discretion. If the NSO Plan is discontinued, granted stock options outstanding as of the date of such discontinuation shall not be affected or impaired.

18. General Provisions.

(a) The Board may require each person purchasing or receiving shares pursuant to an option grant to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates for such shares, if any, may include any legend which the Board deems appropriate to reflect any restrictions on transfer.

(b) Nothing contained in the NSO Plan shall prevent the Company or its subsidiaries from adopting other or additional compensation arrangements for its employees, officers and directors.

(c) Adoption of the NSO Plan shall not confer upon any employee any right to continued employment, nor shall it interfere in any way with the right of the Company or its subsidiaries to terminate the employment of any employee at any time.

(d) The NSO Plan and all options granted and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws that would direct the application of the laws of any other jurisdiction.

19. Effective Date of NSO Plan. The NSO Plan shall be effective as of the date it is approved by a majority of the outstanding voting shares of common stock of the Company.

20. Blue Sky Provisions. Notwithstanding the foregoing sections, any option granted under the NSO Plan shall comply with applicable state blue sky regulations.

AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into this 28th day of December, 2005, by and between Mark S. Casady (the "Executive") and LPL Holdings, Inc. (the "Company") to be effective upon the Closing (as defined below).

WHEREAS, BD Investment Holdings Inc. ("Holdings"), BD Acquisition Inc. ("Merger Sub") and the Company have entered into an agreement captioned "Agreement and Plan of Merger," dated as of October 27, 2005 (the "Merger Agreement"), pursuant to which Merger Sub will be merged with and into the Company (the "Merger"); and

WHEREAS, in accordance with the foregoing, the Company and the Executive desire to enter into this Agreement to set forth the terms of the Executive's continued employment with the Company, effective as of the consummation of the Merger (the "Closing").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts the terms of continued employment with the Company.

2. Term. Subject to earlier termination as hereafter provided, the Executive's employment hereunder shall have an original term of three (3) years commencing on the date of the Closing (the "Initial Term") and shall automatically be renewed thereafter for successive terms of one year each, unless the Company provides notice to the Executive at least ninety (90) days prior to the expiration of the Initial Term or any renewal term that the Agreement is not to be renewed, in which event this Agreement and the Executive's employment hereunder shall terminate at the expiration of the then-current term. The term of this Agreement, as from time to time renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof." In the event that the Closing does not occur, this Agreement shall be void *ab initio* and of no force or effect.

3. Capacity and Performance.

a. During the term hereof, the Executive shall serve the Company as its President and Chief Executive Officer, reporting to the Board of Directors of the Company (the "Board").

b. During the term of this Agreement, the Company shall take all steps within its authority to ensure that the Executive is elected and remains a member of the Board and, until the occurrence of an IPO (as defined in Section 12 below), the Chairman of the Board. The Company shall consult with the Executive and permit the Executive to actively participate in the recruitment and selection of all Board members. The Company also shall consult with the Executive with respect to the size of the Board and the number of Board members who are independent.

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c. During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall have such duties, authority and responsibilities as are commensurate with his position and such other duties, consistent with his position, as may be designated from time to time by the Board.

d. During the term hereof, the Executive shall devote his full business time and his best efforts to the discharge of his duties and responsibilities hereunder; provided, however, that, subject to Section 8 hereof, the foregoing shall not be construed to prevent the Executive from attending to personal investments and community and charitable service, provided that such activities do not unreasonably interfere with the performance of Executive's duties to the Company. In addition, the Executive may serve on boards of directors and similar governing bodies, and committees thereof, subject to the approval of the Board, which approval shall not be unreasonably withheld, and subject to Section 8 hereof. Notwithstanding the foregoing, the Executive may continue to serve on those boards and committees on which the Executive was serving at the time of the Closing, which boards and committees are listed on Schedule 1(A) of this Agreement.

4. Compensation and Benefits. As compensation for all services performed by the Executive during the term hereof:

a. Base Salary. During the term hereof, the Company shall pay the Executive a base salary at the rate per annum as set forth on Schedule 1(B) of this Agreement, payable in accordance with the regular payroll practices of the Company for its executives and subject to increase from time to time by the Board (or its compensation committee). The Executive's base salary may only be decreased with the approval of the Executive and then only in an across-the-board salary reduction in which all executives and other employees are subject to an equal percentage reduction. The Executive's base salary, as from time to time increased or decreased in accordance with Agreement, is hereafter referred to as the "Base Salary."

b. Bonus Compensation.

i. The Executive shall be eligible to receive a full bonus, without pro-ration, for calendar year 2005, determined in accordance with the Company's employee cash bonus plan as in effect immediately prior to the Closing, as set forth in Schedule 1(C) hereto.

ii. Each calendar year thereafter during the term hereof, the Executive shall be eligible to participate in the cash bonus plan in effect for employees of the Company generally, under which, subject to the next sentence, the plan elements described in clauses (A) and (C) below shall be not be decreased from those applicable to the Executive under the bonus plan in effect immediately prior to the Closing, and the plan element described in clause (B) below shall be substantially consistent with past practice: (A) the target bonus, (B) the level of performance required to reach target and (C) the opportunity to earn bonus compensation in excess of target, with respect to clauses (A) and (C) as set forth on Schedule (D) hereto. Neither the Executive's target bonus nor the opportunity to earn bonus compensation in excess of target may be subject to an adverse change and the level of performance required to reach target may not be materially adversely changed except with the approval of Mark S. Casady and then only in an across-the-board change which affects equally all employees participating in the bonus

plan. Such cash bonus shall be in addition to the Base Salary. The Executive's target bonus under the executive cash bonus plan is referred to hereafter as the "Target Bonus." In clarification of the foregoing, the actual bonus earned by the Executive for any given calendar year, may be below, at or above the Target Bonus, based on actual performance. Subject to any effective deferral election made available and elected by the Executive, each bonus earned by the Executive hereunder shall be paid no later than March 15 of the calendar year following the end of the calendar year for which the bonus was earned.

c. Stock Option Grants. Pursuant to the following terms and conditions, the Executive shall be eligible to participate in Holdings' stock option plan and Holdings agrees as follows:

i. Holdings shall establish a stock option plan ("Stock Option Plan") providing for grants of options (the "Stock Options") to purchase the common stock of BD Investment Holdings Inc., par value $0.01 (the "Buyer Common Stock") in amounts not less than (i) 2% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive selected by the Board after consultation with, and based on the recommendation of, the Executive, for the calendar years beginning on January 1, 2008 and January 1, 2009 and (ii) 2.5% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive, selected by the Board after consultation with, and based on the recommendation of, the Executive for the calendar years beginning on January 1, 2010 and January 1, 2011.

ii. Beginning in January 2008, each annual Stock Option grant shall be made between the first and fifteenth business day of the year, unless the Executive, in his sole discretion, shall agree with the Board to a later date during such year (the "Default Date"). If the Board does not approve Stock Option grants in the amounts set forth in Section 4(c)(i) by the Default Date, then Stock Options in such amounts shall be granted pro-rata to existing option holders and employee stockholders as of such date of grant, except that the Executive's share of such Stock Option grants shall be reduced by 75% and the other four most highly compensated executives' share of such Stock Option grants shall be reduced by 50%.

iii. The per share exercise price of each Stock Option shall be equal to the Fair Market Value of a share of Buyer Common Stock on the date of grant. Each Stock Option granted shall vest in five equal tranches on each of the first five anniversaries of the date of grant subject to the option holder's continued employment as of each such vesting date; provided, however, that all Stock Options shall automatically vest in full upon a "change in control" (as defined in the Option Plan, it being understood that an IPO shall in no event constitute a change in control). Notwithstanding any provision of this Agreement to the contrary, following an IPO, no additional Stock Options shall be granted pursuant to the Stock Option Plan.

iv. Upon termination of his employment, the portion of any Stock Option granted to the Executive which has not yet vested shall terminate. In the event the Executive's employment terminates for any reason other than for Cause, the Executive may

exercise any vested portion of any Stock Option held by him on the date of termination provided that he does so prior to the earlier of (A) ninety (90) days following termination of employment and (B) the expiration of the scheduled term of the Stock Option. Notwithstanding the foregoing, if the Executive's employment is terminated due to death or disability (as defined in Section 5(b)), then the Executive or, as applicable in the event of death, his beneficiary or estate, may exercise any vested portion of any Stock Option held by the Executive on the date employment terminates for the shorter of (A) the period of twelve (12) months following the termination date and, (B) with respect to each Stock Option individually, the expiration of the scheduled term of such Stock Option. Upon a termination of the Executive's employment by the Company for Cause, all Stock Options shall be forfeited immediately.

v. Holdings, the Company and the Executive agree to cooperate to structure the Stock Option Plan so as to minimize or avoid additional taxes and interest that would otherwise be imposed on the Executive with respect to options granted under the Stock Option Plan pursuant to Section 409A of the Internal Revenue Code as amended (the "Code"); provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for such purpose.

d. Vacations. During the term hereof, the Executive shall be eligible for the number of weeks of vacation per year set forth on Schedule 1(E) to this Agreement, subject to the vacation policies of the Company generally applicable to its executives, as in effect from time to time, provided that the Executive shall not be barred from taking up to the maximum number of weeks of vacation in any given year solely by reason of the Executive's failure to work for a specified period of time during such year prior to the time of such vacation.

e. Other Benefits. During the term hereof, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for executives and/or employees of the Company generally, provided that the Executive shall receive benefits pursuant to plans, programs and policies (other than any equity based compensation plan or program) that are comparable, and no less favorable in the aggregate, to those benefits offered to him immediately prior to the Closing.

f. Business Expenses. During the term hereof, the Company shall pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as the Company may require and otherwise consistent with the Company's policies generally applicable to its executives, as in effect from time to time.

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term hereof under the following circumstances:

a. Termination due to Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to his estate, "Final Compensation" which shall include all of the following: (i) the Base Salary earned but not paid through the date of

termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) payment of any annual bonus earned but not paid for the year preceding that in which the date of termination occurs, (iv) reimbursement for any business expenses incurred by the Executive and reimbursable pursuant to Section 4(f) hereof but unreimbursed on the date of termination (clauses (i), (ii), (iii) and (iv), collectively, the "Termination Entitlements"); (v) a bonus for the year in which the date of termination occurs determined by multiplying the Target Bonus for that year by a fraction, the numerator of which is the number of days the Executive was employed during the year in which the date of termination occurs, through the date of termination, and the denominator of which is 365, (vi) a single lump-sum payment equal to the premium (including the additional amount (if any) charged for administrative costs as permitted by the Federal law known as "COBRA") of continued health and dental plan participation under COBRA for the Executive (in the event of a termination other than as a result of death) and for the Executive's qualified beneficiaries (as that term is defined under COBRA) for the one (1) year period immediately following the date of termination and the Company shall have no further obligation to the Executive hereunder, other than (A) obligations due to the Executive as of the date of termination but not yet satisfied, such as, by way of example but not limitation, an uncorrected error in Base Salary or an outstanding claim under one of the welfare plans or an uncorrected error in the Executive's retirement plan account, and (B) obligations which, whether or not due to the Executive as of the date of termination, survive termination, such as, by way of example but not limitation, rights to exercise vested stock options (all of the foregoing, under clauses (A) and (B) hereof, the "Surviving Company Obligations").

b. Termination due to Disability. The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of his duties and responsibilities hereunder, notwithstanding the provision of any reasonable accommodation, for any period of six (6) consecutive months. During any period in which the Executive is disabled but prior to the Executive's date of termination, the Executive shall continue to receive all compensation and benefits under Section 4 hereof while his employment continues. If any question shall arise as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of his duties and responsibilities hereunder, the Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Executive has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. In the event of termination by the Company due to the Executive's disability, the Company shall provide the Executive with the Final Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

c. Retirement. The Executive may elect to retire voluntarily on thirty (30) days' notice to the Company, provided that the Executive is then at least 65 years of age. In such event, the Company shall pay to the Executive the Final Compensation (other than the benefits under clause (v) of the definition thereof (the "Accrued Compensation")) and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

d. Termination by the Company for Cause. The Company may terminate the Executive's employment at any time for "Cause," which shall mean only (i) the intentional failure to perform (excluding by reason of disability) or gross negligence or willful misconduct in the performance of regular duties or other breach of fiduciary duty or material breach of this Agreement which remains uncured after thirty (30) days' notice specifying in reasonable detail the nature of the failure, negligence, misconduct or breach and what is required of the Executive to cure, (ii) conviction or plea of *nolo contendere* to a felony or (iii) fraud or embezzlement or other dishonesty which has a material adverse effect on the Company. Before terminating the Executive for Cause, (A) at least two-thirds (2/3) of the members of the Board (excluding the Executive, if a Board member) must conclude in good faith that, in their view, one of the events described in subsection (i), (ii) or (iii) above has occurred and (B) such Board determination must be made at a duly convened meeting of the Board (X) of which the Executive received written notice at least ten (10) days in advance, which notice shall have set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Company's belief that one of the events described in subsection (i), (ii) or (iii) above occurred and, in the case of an event under subsection (i), remains uncured at the expiration of the notice period, and (Y) at which the Executive had a reasonable opportunity to make a statement and answer the allegations against the Executive. In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive the Termination Entitlements and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. The parties acknowledge and agree that this definition of "Cause" shall be applicable and controlling with respect to the option agreements executed by the Executive under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options, pursuant to the terms of Section 14 of each such option agreement.

e. Termination by the Company other than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon ten (10) days notice to the Executive. Termination by the Company on or following expiration of the term hereof (other than a termination due to the Executive's death or disability or under circumstances that would constitute "Cause" if this Agreement were still in effect) will be treated as a termination other than for Cause under this Section 5(e). In the event of termination under this Section 5(e), the Executive shall be entitled to receive (i) the Accrued Compensation, and, (ii) subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, (x) an amount equal to the applicable Severance Multiplier multiplied by the sum of the Executive's Base Salary and Target Bonus for the year in which the date of termination occurs (or if no such Target Bonus has been established for the Executive for the year in which the date of termination occurs, the Target Bonus for the year immediately preceding the year in which the date of termination occurs) and (y) for two years following the date of termination, continued participation of the Executive and his qualified beneficiaries, as applicable, under the Company's group life, health, dental and vision plans in which the Executive was participating immediately prior to the date of termination, subject to any premium contributions required of the Executive at the rate in effect on the date of termination of his employment and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. For purpose of this Agreement, the "Severance Multiplier" shall be (A) two (2) in the event of termination under Section 5(e) or Section 5(f) (other than due to Good Reason resulting solely from notice of non-renewal of the term of this Agreement), in each case, prior to the expiration of the Initial Term; (B) one and one half (1.5) in the event of a termination under Section 5(e) or

Section 5(f), in each case, on or following the expiration of the Initial Term; (C) one and one half (1.5) in the event of a termination at any time during the term of this Agreement for Good Reason resulting solely from the provision by the Company of notice of non-renewal of the term of this Agreement; and (D) one (1) in the event of a termination of the Executive under Section 5(g) and pursuant to which the Company makes the election under Section 8(b) hereof. Any payments due under Section 5(e), Section 5(f), Section 5(g) or Section 8(b), as applicable, shall be payable in equal monthly installments over the number of years and/or portions thereof equal to the applicable Severance Multiplier; and, subject to Section 5(h), shall begin at the Company's next regular payday following the effective date of termination.

f. Termination by the Executive for Good Reason. The Executive may terminate his employment hereunder for Good Reason and, in that event, subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. "Good Reason" shall mean only (A) the occurrence, without the Executive's express written consent (which may be withheld for any or no reason) of any of the events or conditions described in the following subsections (i) through (ix), provided that, except with respect to the event described in subsection (viii), the Executive gives written notice to the Company of the occurrence of Good Reason within ninety (90) days following the date on which the Executive first knew or reasonably should have known of such occurrence and the Company shall not have fully corrected the situation within thirty (30) days following such notice or (B) termination (for any or no reason) by written notice from the Executive given within the thirty day period immediately following the twelve month anniversary of a Change of Control occurring after the effective date of this Agreement. The following occurrences shall constitute Good Reason for purposes of clause (A) of this Section 5(f): (i) a reduction in the Executive's Base Salary (other than as expressly permitted under Section 4(a) hereof); (ii) an adverse change in the Executive's bonus opportunity through reduction of the Target Bonus or the maximum available bonus or a material adverse change in the goals or level of performance required to achieve the Target Bonus (other than as expressly permitted under Section 4(b) hereof); (iii) a failure by the Company to pay or provide to the Executive any compensation or benefits to which the Executive is entitled hereunder; (iv) (A) a material adverse change in the Executive's status, positions, titles, offices, duties and responsibilities, authorities or reporting relationship from those in effect immediately before such change; (B) the assignment to the Executive of any duties or responsibilities that are substantially inconsistent with the Executive's status, positions, titles, offices or responsibilities as in effect immediately before such assignment; or (C) any removal of the Executive from or failure to reappoint or reelect the Executive to any of such positions, titles, or offices; provided that termination of the Executive's employment by the Company for Cause, by the Executive other than for Good Reason pursuant to Section 5(g) hereof, or a termination as a result of the Executive's death or disability shall not be deemed to constitute or result in Good Reason under this subsection (iv); (v) (A) if the Executive was based at the Company's headquarter offices in Boston, Massachusetts as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's Boston headquarter offices; (B) if the Executive was based at the Company's headquarter offices in San Diego, California as of

the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's San Diego headquarter offices; or (C) if the Executive was not based at the Company's headquarter offices in Boston, the Company's requiring the Executive to be based at any location which results in the Executive's regular commuting distance being twenty-five (25) or more miles greater than the Executive's regular commuting distance immediately prior to such relocation; provided that in all such cases the Company may require the Executive to travel on Company business including being temporarily based at other Company locations as long as such travel is reasonable and is not materially greater or different than the Executive's travel requirements before the Closing; (vi) any material breach by the Company of this Agreement, the Stockholders' Agreement, dated as of the Closing, by and among the Company, BD Investment Holdings Inc and the stockholder signatories thereto (the "Stockholders' Agreement"), the Indemnification Agreement, dated as of the Closing, by and among the Executive and the Company (the "Indemnification Agreement"), any option agreements entered into by and between the Company and/or Holdings and the Executive; (vii) the failure by the Company to obtain, before completion of a Change in Control, an agreement in writing from any successor or assign to assume and fully perform under this Agreement; (viii) the provision of notice by the Company of non-renewal of this Agreement; or (ix) the failure to elect the Executive to, or the removal of the Executive from, the Board.

g. By the Executive Other than for Good Reason. The Executive may terminate his employment hereunder at any time upon thirty (30) days' notice to the Company. In the event of termination by the Executive pursuant to this Section 5(g), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive his Base Salary and prorated Target Bonus for the notice period (or for any remaining portion of the period). The Company shall also provide the Employee the Accrued Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. At the election of the Company, in accordance with and subject to the provisions of Section 8(b) hereof and subject to the Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, the Executive shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder, but with a Severance Multiplier of one (1).

h. Timing of Payments. In the event that at the time the Executive employment terminates the Company's shares are publicly traded (as defined in Section 409A of the Code) or the limitation on payments or provision of benefits imposed by Section 409A(a)(2)(B) would otherwise be applicable, any amounts payable or benefits provided under Section 5 that would have been payable during the six (6) months following the date of termination of employment with the Company and would otherwise be considered deferred compensation subject to the additional twenty percent (20%) tax imposed by Section 409A if paid within such six (6) month period shall be paid, in a lump sum on the business day after the date that is the earlier of (x) six (6) months following the date of termination, or (y) at such time as otherwise permitted by law that would not result in such additional taxation and penalties under Section 409A; provided, however, that the Company shall have no obligation to grant the

Executive a "gross-up" or other "make-whole" compensation for any tax imposed under Section 409A.

i. No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any cash payment or the value of any benefit provided for in this Agreement by seeking other employment, by seeking benefits from another employer or other source, or by pursuing any other type of

mitigation. No payment or benefit provided for in this Agreement shall be offset or reduced by the amount of any cash compensation or the value of any benefit provided to the Executive in any subsequent employment or from any other source. Notwithstanding the foregoing, if the Executive begins to participate in the group health plan of another employer which provides benefits substantially similar to those provided by the Company pursuant to this Section 5, then the Executive shall promptly notify the Company and the Company may discontinue the health plan participation being provided the Executive pursuant to this Section 5.

6. Confidential Information.

a. The Executive acknowledges that the Company continually develops Confidential Information (as defined in Section 12); that the Executive may develop Confidential Information for the Company; and that the Executive may learn of Confidential Information during the course of employment. The Executive shall not disclose to any Person or use, other than as required by applicable law or for the performance of his duties and responsibilities to the Company, any Confidential Information obtained by the Executive incident to his employment with the Company. The Executive understands that this restriction shall continue to apply after his employment terminates, regardless of the reason for such termination.

b. All documents, records, tapes and other media of every kind and description containing Confidential Information, and all copies, (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company. The Executive shall return to the Company no later than the time his employment terminates all Documents then in the Executive's possession or control.

7. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property (as defined in Section 12) to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Executive creates in the performance of his duties hereunder shall be considered "work made for hire."

8. Restricted Activities.

a. While the Executive is employed by the Company and, except as otherwise provided in Section 8(b) or 8(c) below, for the period of two (2) years following the termination of the Executive's employment for any reason (including retirement) or, in the event of a termination for which the Executive is entitled to severance pay calculated with a Severance Multiplier of 1.5, for a period of eighteen (18) months following such termination, (as applicable, the "Non-Competition Period"), subject to the Company's compliance with the post-employment terms of this Agreement, the Executive will not engage or participate in, directly or indirectly, alone or as principal, agent, employee, employer, consultant, investor or partner of, or assist in the management of, or provide advisory or other services to, or own any stock or any other ownership interest in, or make any financial investment in, any business or entity which is Competitive with the Company (as defined below); *provided*, *however*, that it shall not be a violation of the foregoing (i) for the Executive to own not more than two percent (2%) of the outstanding securities of any class of securities listed on a national exchange or inter-dealer quotation system or (ii) following termination of the Executive's employment with the Company, for the Executive to provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is Competitive with the Company if the Executive is not employed in such line of business or division or by such subsidiary or other affiliate and is not involved, directly or indirectly, in the management, supervision or operations of such line of business, division, subsidiary or affiliate that is Competitive with the Company. For purposes of this Agreement, a business or entity shall be considered "Competitive with the Company" if such business or entity provides or is engaged in, at any time during the Non-Competition Period (A) asset management, brokerage, investment advisory and insurance services, including services related to financial advisors for open end and closed end public mutual funds, or (B) any other businesses in which the Company and its subsidiaries were engaged, or any material products and/or services that the Company or its subsidiaries were actively developing or designing, in each case under this clause (B) as of the date the Executive's employment with the Company terminated, provided that, prior to such termination, the Executive knew of such other business or such material product or such service under active development or design. In addition, during the Non-Competition Period, the Executive will not (other than when acting on behalf of the Company during the Executive's employment) (i) solicit, or attempt to solicit, any existing or prospective customers, targets, suppliers, financial advisors, officers or employees of the Company or any of its subsidiaries to terminate their relationship with the Company or any of its subsidiaries or (ii) divert, or attempt to divert, from the Company or any of its subsidiaries any of its customers, prospective customers, targets, suppliers, financial advisors, officers or employees or (iii) hire or engage or otherwise contract with, or attempt to hire or engage or otherwise contract with, any officers, employees or financial advisors of the Company, whether to be an employee, officer, agent, consultant or independent contractor; *provided*, *however*, that nothing in this Section 8(a) shall be deemed to prohibit the Executive from soliciting a customer, prospective customer, target or supplier of the Company or any of its subsidiaries during the Non-Competition Period if such action relates solely to a business which is not Competitive with the Company. A customer, prospective customer, target, supplier, financial advisor, officer or employee of the Company or any of its subsidiaries is any one who was such within the preceding twelve months, excluding, however, any prospective customer or target which was solicited solely by mass mailing or general advertisement during that period and any officer, employee or financial advisor whose relationship with the Company

was terminated by the Company or any of its subsidiaries other than for circumstances that would constitute "cause" (within the meaning of any such definition applicable to such officer, employee or financial advisor, or, if no such definition is applicable, "cause" as defined in Section 14 of the form of option agreements under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options) and provided further, with respect to the Company's subsidiaries, that the Executive during his employment with the Company was introduced to, or otherwise knew of or should have known of the relationship of, such customer, prospective customer, target, supplier, financial advisor or employee to the subsidiary.

b. Notwithstanding anything herein to the contrary, in the event that the Executive terminates his employment hereunder without Good Reason, the Executive shall, at the Company's election, which election shall be provided to the Executive prior to the date of termination, (1) receive

the payments and benefits specified in Section 5(e) with a Severance Multiplier of one (1) and be subject to a Non-Competition Period which shall continue for two (2) years following the date of termination of the Executive's employment, or (2) receive no payments and benefits specified in Section 5(e) and be subject to a Non-Competition Period which shall continue for one (1) year following the date of termination of the Executive's employment.

c. The Executive may seek a waiver from the Company of his obligations pursuant to this Section 8, which waiver shall not be unreasonably withheld or delayed. As of the date of the grant of such waiver by the Company, all payments and benefits under the applicable provision of Section 5 shall cease (other than the payment of Final Compensation, excluding the payments and benefits under clause (v) of the definition thereof which shall cease or be reimbursed by the Executive on a pro-rata basis for the waived time period of the one (1) year Non-Competition Period, as applicable or Accrued Compensation, as applicable).

9. Reasonableness; Enforcement. The Company and the Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6, 7 and 8 (the "Covenants") have been specifically negotiated by sophisticated parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Company, (iii) impose no undue hardship, (iv) are not injurious to the public, and (v) are essential to protect the business and goodwill of the Company and its affiliates and are a material term of this Agreement which has induced the Company to agree to provide for the payments and benefits described in this Agreement and induced Holdings to enter into the Merger Agreement. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Company and Holdings irreparable harm, which cannot be adequately compensated by money damages. The Executive and the Company agree that, in the event of an actual or threatened breach of Section 8, the Company shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have at law or equity, including money damages.

10. Survival. Provisions of this Agreement shall survive any termination if so provided herein or if necessary or desirable to accomplish the purposes of other surviving

provisions, including without limitation the obligations of the Executive under Sections 6, 7, 8 and 9 hereof and the obligations of the Company pursuant to Section 5 hereof.

11. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any court order or other legal obligation that would affect the performance of his obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

a. "Change in Control" means the consummation, after the date of Closing, of (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, transaction or transfer of securities of the Company by its stockholders, or series of related transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own, directly or indirectly, capital stock either (A) representing directly or indirectly through one or more entities, less than fifty percent (50%) of the equity economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (B) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors or other similar governing body of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (ii) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its "affiliates" or "associates" (as such terms are defined in the Exchange Act Rules) or any "group" (as defined in the Exchange Act Rules) other than, in each case, the Company or an Affiliate of the Company immediately following the Closing, or (iii) a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a "Business Combination"), provided that, notwithstanding the foregoing, the following transactions shall in no event constitute a Change in Control: (A) a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction or (B) an IPO.

b. "Confidential Information" means any confidential proprietary information relating to the business of the Company or its affiliates or their respective customers or clients which has an economic value to the Company or its affiliates. Confidential Information does not include any information that enters the public domain other than through a breach by

the Executive of his duties to the Company hereunder or which is obtained by the Executive from a third party which has no obligation of confidentiality to the Company.

c. "Fair Market Value" means, as of any date, the Board of Directors' good faith determination of the fair market value, taking into an account the most recent annual valuation (which shall be required to be conducted by an independent appraiser at least annually) and updated by the Company in good faith for the most recently ended quarter.

d. "Initial Public Offering" or "IPO" means the initial offering of stock to the public by the Company or stockholders of the Company or Holdings requiring registration under the Securities Act.

e. "Intellectual Property" means any invention, formula, process, discovery, development, design, innovation or improvement (whether or not patentable or registrable under copyright statutes) made, conceived, or first actually reduced to practice by the Executive solely or jointly with others, during his employment by the Company; provided, however, that, as used in this Agreement, the term "Intellectual Property" shall not apply to any invention that the Executive develops on his own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Executive for the Company.

f. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its subsidiaries.

13. Withholding. All payments, or other benefits, to the extent required by law, made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

14. Legal Fees. The Company shall at its election either pay directly the joint legal expenses incurred by the Executive and the other executives of the Company with whom the Company is entering into employment agreements effective as of the Closing in the negotiation and preparation of their employment agreements or reimburse the Executive for his portion of such joint legal expenses. In addition, all reasonable costs and expenses that are reasonably documented (including court and arbitration costs and reasonable legal fees and expenses that reflect common practice with respect to the matters involved) incurred by the Executive as a result of any claim, action or proceeding arising out of this Agreement or the contesting, disputing or enforcing of any provision; right or obligation under this Agreement shall be paid, or reimbursed to the Executive, if, in the final resolution of the dispute, the Executive either recovers material monetary damages (in cash or in kind, such as benefits) or is the prevailing party on a material non-monetary claim (such as a dispute regarding a restrictive covenant).

15. Dispute Resolution.

a. Except as provided in Section 9, any dispute, controversy or claim between the parties arising out of this Agreement or the Executive's employment with the

Company or termination of employment shall be settled by arbitration conducted in the city in which the Executive is located administered by the American Arbitration Association under its Employment Dispute Resolution Rules then in effect (except as modified by b. below).

b. In the event that a party requests arbitration (the "Requesting Party"), it shall serve upon the other party (the "Non-Requesting Party"), within one hundred and eighty (180) days of the date the Requesting Party knew, or reasonably should have known, of the facts on which the controversy, dispute or claim is based, a written demand for arbitration stating the substance of the controversy, dispute or claim, the contention of the party requesting arbitration and the name and address of the arbitrator appointed by it. The Non-Requesting Party, within sixty (60) days of such demand, shall accept the arbitrator or appoint a second arbitrator and notify the other party of the name and address of this second arbitrator so selected, in which case the two arbitrators shall appoint a third who shall be the sole arbitrator to hear the case. In the event that the two arbitrators fail in any instance to appoint a third arbitrator within thirty (30) days of the appointment of the second arbitrator, either arbitrator or any party to the arbitration may apply to the American Arbitration Association for appointment of the third arbitrator in accordance with the Rules, which arbitrator shall be the sole arbitrator to hear the case. Should the Non-Requesting Party (upon whom a demand for arbitration has been served) fail or refuse to accept the arbitrator appointed by the other party or to appoint an arbitrator within sixty (60) days, the single arbitrator shall have the right to decide alone, and such arbitrator's decision or award shall be final and binding upon the parties.

c. The decision of the arbitrator shall be in writing; shall set forth the basis for the decision; and shall be rendered within thirty (30) days following the bearing. The decision of the arbitrator shall be final and binding upon the parties and may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought.

16. No Withholding of Undisputed Payments. During the pendency of any dispute or controversy, the Company shall not withhold any payments or benefits due to the Executive, whether under this Agreement or otherwise, except for the specific portion of any payment' or benefit that is the subject of a bona fide dispute between the parties.

17. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

18. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

20. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or the next business day following consignment for overnight delivery to a reputable national overnight courier service or five business days following deposit in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at his last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chairman of the Board, or to such other address as a party may specify by notice to the other actually received. Copies of any notices, requests, demands and other communication to the Company by the Executive shall be sent by the to the Investors at the following address: c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, Attn: Richard Schifter (Fax: 415-743-1501) and c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, Attn: Jeffrey Goldstein (Fax: 415-835-5408)

21. Entire Agreement. This Agreement and the Indemnification Agreement constitute the entire agreement between the parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment including without limitation the Management Arrangements — Summary of Key Terms.

22. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an authorized representative of the Company subject to prior approval by the Board.

23. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

25. Governing Law. This is a Massachusetts contract and shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

By: /s/ Mark S. Casady
Name: Mark S. Casady

THE COMPANY

By: /s/ Stephanie L. Brown
Name: Stephanie L. Brown
Title: Secretary

In addition, BD Investment Holdings Inc. agrees to be bound by the terms of Section 4(c) of the Employment Agreement which is expressly applicable to BD Investment Holdings Inc.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of December 28, 2005 (the "Closing Date"), by and between each of BD Investment Holdings Inc. ("Holdings"), LPL Holdings, Inc., a Massachusetts corporation ("LPL", and together with Holdings, each a "Company"), and Mark S. Casady (the "Indemnitee"), an officer and/or director of a Company.

RECITALS

WHEREAS, although the Restated Articles of Organization and the By-laws of LPL provide for indemnification of the officers and directors of LPL and the Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act, the Massachusetts Business Corporation Act expressly contemplates that contracts maybe entered into between LPL and officers of LPL and/or members of the Board of Directors of LPL with respect to indemnification of officers and directors; and

WHEREAS, the Indemnitee's continued service to each Company substantially benefits the Companies; and

WHEREAS, each of the Boards of Directors of LPL and Holdings has determined that it is in the best interest of the Companies and that it is reasonably prudent and necessary for each Company contractually to obligate itself to indemnify, and to pay, on a current basis, expenses in advance of a final disposition of any Proceeding on behalf of the Indemnitee to the fullest extent permitted by applicable law in order to induce the Indemnitee to serve or continue to serve the Companies free from undue concern that the Indemnitee will not be so indemnified or that any indemnification obligation will not be met; and

WHEREAS, this Agreement is a supplement to and in furtherance of (a) the Restated Articles of Organization and Bylaws of LPL, and (b) the certificate and bylaws or partnership agreement, as the case maybe, of Holdings and any Enterprise (as defined below) and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of the Indemnitee thereunder; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Companies and certain other Enterprises on the condition that the Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the promises and. the covenants contained herein, each Company and the Indemnitee do hereby covenant and agree as follows:

1. *Definitions*. For purposes of this Agreement, the following terms shall have the meanings hereafter assigned to them:

(a) "Corporate Status" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or of any other Enterprise.

(b) A "Disinterested Director" shall mean a director of the applicable Company who, at the time of a vote referred to in the definition of Reviewing Party is not (i) the Indemnitee, (ii) a Party to (or a participant in) the Proceeding for which indemnification is sought or (iii) an individual having a familial, financial, professional or employment relationship with the Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on such director's judgment when voting on the decision being made.

(c) "Enterprise" shall mean (i) the Companies and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Companies and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving at the request of a Company. For purposes of this Agreement, a director or officer will be considered to be serving on an employee benefit plan at a Company's request if the individual's duties to such Company also impose duties on, or otherwise involve services by, the individual to the plan.

(d) "Extenses" shall mean all reasonable expenses, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses shall include such fees and expenses, and costs incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

(e) "Fines" shall mean any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of a Company" shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or an Enterprise which imposes duties on, or involves services by, such director, trustee, general partner, managing member, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Companies" as referred to in this Agreement.

(f) An "Indemnifiable Event" shall mean any Proceeding in which the Indemnitee was, is or will be involved as a Party or otherwise by reason of the fact that the Indemnitee is or was an officer or director of any of the Companies or the Enterprises, by reason of any acts or omissions on his part while acting as an officer or director of such Company, or by reason of the fact that he is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any Expense, judgment, fine or amount paid in settlement

is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(g) An "Indemnitee Statement" shall mean a written demand by the Indemnitee to a Company for a payment pursuant to Section 2(b) of this Agreement, accompanied by a written statement, dated the date of such statement, from the Indemnitee to a Company in which the Indemnitee (i) affirms, with respect to the applicable Indemnifiable Event, the Indemnitee's good faith belief that the Indemnitee has met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act or that the Proceeding involves conduct for which liability has been eliminated under such Company's articles of organization or bylaws and (ii) undertakes to repay any funds paid in advance of a final disposition of a Proceeding (or funds paid directly by a Company advance of a final disposition of a Proceeding) it with respect to the applicable Indemnifiable Event, the Indemnitee is not entitled to indemnification under applicable law as ultimately determined by a court of competent jurisdiction or by the Reviewing Party that the Indemnitee has not met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(h) An "IPO" shall mean an underwritten initial public offering or public offering of shares of BD Investment Holdings Inc. pursuant to a registration statement under the Securities Act of 1933, as amended, or any successor federal statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

(i) A "Liability" shall mean an obligation to pay a Judgment, settlement, penalty, and/or Fine (including an excise tax assessed with respect to an employee benefit plan) in connection with an Indemnifiable Event and any Expenses incurred in connection with an Indemnifiable Event.

(j) A "Party" shall mean an individual who was, is, or is threatened to be made, a defendant or respondent in a Proceeding. The Indemnitee shall be considered a "Party" in a Proceeding in which the Indemnitee seeks a declaratory judgment with respect to matters related to an Indemnifiable Event. In addition, the Indemnitee shall be considered a Party for all aspects of an Indemnifiable Event even though the Indemnitee asserts counter-claims or cross-claims.

(k) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than a Company or any of its subsidiaries.

(l) A "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of a Company or otherwise, whether informal or formal, and whether of a civil, criminal, administrative or investigative nature, including, without limitation, any such proceeding pending as of the date of this Agreement.

(m) The "Reviewing Party" in connection with an Indemnifiable Event shall be, as selected by the Indemnitee in his or her sole discretion:

(i) if there are two or more Disinterested Directors on. the Board of Directors of the applicable Company, such Board of Directors acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(ii) a Special Legal Counsel nominated by the Indemnitee and selected by

(a) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, the Board of Directors of such Company acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(b) if there are fewer than two Disinterested Directors on the Board of Directors of the applicable Company, the full Board of Directors of the Company, with directors who do not qualify as Disinterested Directors eligible to vote; or

(iii) prior to an IPO, the shareholders of the applicable Company acting by the vote required for ordinary corporate actions, except that shares owned by or voted under the control of (A) a director of such Company who at the time does not qualify as a Disinterested Director or (B) the Indemnitee may not be voted on the determination.

(n) "Special Legal Counsel" shall mean, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and (b) is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Company or the Indemnitee in any matter material to either such party (other than as Special Legal Counsel), or (ii) any other Party to (or participant in) the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Special Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either of the Companies or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. Each Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

2. *Basic Arrangement*.

(a) In the event the Indemnitee is a Party in an Indemnifiable Event, subject only to limitations expressly imposed by the terms of this Agreement, each Company shall indemnify the Indemnitee for any associated Liabilities to the fullest extent permitted by law. Subject to Section 2(f) and in accordance with the procedures set forth in Section 3, any indemnification pursuant to this Section 2(a) must be determined by the Reviewing Party to be permissible under the Massachusetts Business Corporation Act in the specific Proceeding. Each Company shall make any such payment to which the Indemnitee is entitled pursuant to this Section 2(a) as soon as practicable but in no event later than five (5) days after determination by the Reviewing Party.

(b) Notwithstanding anything to the contrary, before the final disposition of an Indemnifiable Event in which the Indemnitee is a Party, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expenses (an "Expense Advance") within ten (10) days after the receipt by a Company of a statement or statements requesting such advances from time to time, provided that the Indemnitee delivers an Indemnitee Statement. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any-and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(c) Pursuant to Section 8.58(a) of the Massachusetts Business Corporation Act, this Agreement shall constitute authorization to provide indemnification, pay funds, on a current basis, and reimburse expenses under Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(d) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities in connection with an Indemnifiable Event or other any other Proceeding involving the Companies or Enterprises, in either case, in which the Indemnitee is a witness but not a Party. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on. a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(d) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indenmitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(e) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities incurred by or on behalf of the Indemnitee (i) in taking any action to enforce any provision of this Agreement, including all Expenses incurred bringing a claim, counterclaim or cross claim in a legal proceeding, arbitration or otherwise to enforce this Agreement or any provisions of this Agreement or (ii) for recovery under any directors' and officers' liability insurance policy maintained by the Companies. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(e) within ten (10) days after receipt by

a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(f) Notwithstanding any other provisions of this Agreement, to the extent that the Indemnitee is a Party to (or a participant in) and is successful, on the merits or, otherwise, in any Proceeding in connection with an Indemnifiable Event or in defense of any claim, issue or matter therein, in whole or in part, each Company shall be liable to indemnify the Indemnitee against all Liabilities incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, each Company shall be liable to indemnify Indemnitee against all Liabilities incurred by the Indemnitee or on the Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, each Company also shall be liable to indemnify the Indemnitee against all Expenses reasonably incurred in connection with any claim, issue or matter that is related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(g) For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(1) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that permits a corporation to indemnify its officers and directors, including, without limitation, the indemnification permitted by Section 8.56 for officers;

(2) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Massachusetts Business Corporation; and

(3) to the fullest extent authorized or permitted by any amendments to or replacements of the Massachusetts Business Corporation Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. *Procedure Upon Application for Indemnification.*

(a) In order to obtain indemnification under this Agreement, the Indemnitee shall, anytime following Indemnitee's submission of an Indemnitee Statement to a Company,

and consistent with the time period of this Agreement as set forth in Section 5 of this Agreement, submit to a Company a written request for indemnification pursuant to this Section 3(a). No determination of Indemnitee's entitlement to indemnification shall be made until such written request for a determination is submitted to a Company pursuant to this Section 3(a). The failure to submit a written request to a Company will relieve the Companies of their indemnification obligations under this Agreement only to the extent the Companies can establish that such failure to make a written request resulted in actual prejudice to it, and the failure to make a written request will not relieve the Companies from any liability which it may have to indemnify the Indemnitee otherwise than under this Agreement. The Companies shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors of the Companies in writing that the Indemnitee has requested indemnification.

(b) The Indemnitee shall cooperate with the Reviewing Party making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Reviewing Party upon request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Reviewing Party, as the case may be, making such determination shall be advanced and borne by the Companies (where the Indemnitee executes and delivers to the Company the Indemnitee Statement) irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Companies are liable to indemnify and hold the Indemnitee harmless therefrom.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted an Indemnitee Statement, and each Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any of the Companies (including by their Boards of Directors) or of Special Legal Counsel to have made a determination prior to the commencement of any judicial proceeding or arbitration pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by any of the Companies (including by their Boards of Directors) or by Special Legal Counsel that the Indemnitee has not met such applicable standard of conduct shall create a presumption that the Indemnitee has not met the applicable standard of conduct.

(d) If the Reviewing Party shall not have made a determination within sixty (60) days after receipt by a Company of the Indemnitee's written request for indemnification pursuant to Section 3(a) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a failure by the Indemnitee to comply with Section 3(b) hereof, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Special Legal Counsel making the determination with respect to

entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(e) The termination of any-Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not meet any particular standard of conduct required pursuant to this Agreement.

(f) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action or failure to act is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 3(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(g) The knowledge and/or actions, or failure to act, of any other director, partner, managing member, officer, agent, employee or trustee of the Enterprise shall not be imputed to the Indemnitee for purposes of determining his right to indemnification under this Agreement.

4. *Remedies*.

(a) In the event that (i) a determination is made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) payment of Expenses, on a current basis, is not timely made pursuant to Section 2 of this Agreement, (iii) payment of Expenses is not made pursuant to Section 2 or the last sentence of Section 3(b) of this Agreement within ten (10) days after receipt by a Company of a written request therefor, (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) (iv) payment of indemnification pursuant to Section 2 of this Agreement is not made within ten (10) days after a determination has been made that the Indemnitee is entitled to indemnification, or (v) there is any breach of this Agreement, the Indemnitee shall be entitled to seek an adjudication by a court of competent jurisdiction as to his entitlement to such indemnification or payment of Expenses, on a current basis. Alternatively, under the circumstances in clauses (i) through (v), the Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Companies shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. If the Indemnitee has commenced adjudication or arbitration to secure a determination, with respect to an Indemnifiable Event, that the Indemnitee is entitled to indemnification under this Agreement, any determination made by the Reviewing Party that indemnification of the Indemnitee is not permissible under the Massachusetts Business Corporation Act with respect to such Indemnifiable Event shall not be binding, and (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) the Indemnitee shall not be required to

reimburse the Companies for any Expense Advance until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that indemnification is not legally permissible is made with respect to such matter.

(b) In the event that a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration, commenced pursuant to this Section 4, shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4, each Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is entitled to indemnification, the Companies shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that the Indemnitee is a Party to (or a participant in) a judicial proceeding or arbitration pursuant to this Section 4 concerning the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Companies, and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee (where, with respect to an Indemnifiable Event, the Indemnitee has executed and delivered to the Company the Indemnitee Statement) in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from each Company (who shall be liable therefor), and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Companies shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement.

5. *Duration of the Agreement*. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that the Indemnitee shall have ceased to serve as a director of any of the Companies or as a director, partner, managing member, officer, employee, agent or trustee of any other Enterprise; or (b) 1 year after the final termination (i) of any Proceeding (including any rights of appeal) then pending in respect of which the Indemnitee requests indemnification or advancement of Expenses hereunder and (ii) of any judicial proceeding or arbitration pursuant to Section 4 of this Agreement (including any rights of appeal) involving the Indemnitee. This Agreement shall be binding upon each Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his heirs, executors and administrators.

6. *Non-exclusivity, Etc.* The rights of indemnification and to receive payment of Expenses, on a current basis, as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Companies' or any other Enterprise's Articles of Organization, the Companies' or any other Enterprise's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of the Indemnitee under this Agreement in respect to any action taken or omitted by such Indemnitee; in the Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Companies' or any other Enterprise's Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

7. *Liability Insurance*. To the extent that the Companies maintain an insurance policy or policies providing liability insurance for directors, partners, managing members, officers, employees, agents or trustees of the Companies or of any other Enterprise, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, partner, managing member, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2 hereof, the Companies have director and officer liability insurance in effect, the Companies shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Each Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Companies shall maintain an insurance policy or policies for directors, partners, managing members, officers, employees, agents or trustees of the Companies and of all Enterprises in an amount reasonably acceptable to the Chief Executive Officer of LPL.

8. *Amendments, Etc.* No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9. *Subrogation*. In the event of payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all such papers and do all such things as may be necessary or desirable to secure such rights.

10. *No Duplication of Payments*. The Companies shall not be liable under this Agreement to make any payment in connection with any Proceeding involving the Indemnitee to the extent the Indemnitee has otherwise received payment (under any insurance policy, the

Companies' articles of organization or by-laws or otherwise) of the amounts otherwise indemnifiable hereunder.

11. *Contribution*. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, each Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion in order to reflect (i) the relative benefits received by the Companies and the Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officer, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s).

12. *Binding Effect, Etc.* This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including, with respect to the Companies, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies, and including, with respect to the Indemnitee, the Indemnitee's estate, heirs and personal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer or director of the Companies or of any other Enterprise.

13. *Severability*. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

14. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to the Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as the Indemnitee shall provide in writing to the Company, with a copy to Julie Jones, Esq., Ropes & Gray LLP, One International Place, Boston, MA 02110.

(b) If to any of the Companies to: LPL Holdings, Inc., One Beacon Street, 22nd Floor, Boston, MA 02108, Attn: Secretary (or, if the Indemnitee is at such time the Secretary, to the President of the Company).

15. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to indemnification of the Indemnitee by the Companies for Indemnitee's service to the Companies, provided, however, that this. Agreement shall in no way diminish rights of the Indemnitee that accrued prior to the date of this Agreement.

16. *Governing Law*. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of law.

17. *References*. References to statutes, regulations and documents shall be deemed to mean such statutes, regulations and documents as amended from time to time and any successor statutes, regulations and documents.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

INDEMNITEE

By: /s/ Mark S. Casady
Name: Mark S. Casady

Address: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LPL HOLDINGS, INC.

By: /s/ Stephanie L. Brown

Name: Mark S. Casady
Title: Secretary

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen Thorpe
Name: Allen R. Thorpe
Title:

AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into this 28th day of December, 2005, by and between Esther M. Stearns (the "Executive") and LPL Holdings, Inc. (the "Company") to be effective upon the Closing (as defined below).

WHEREAS, BD Investment Holdings Inc. ("Holdings"), BD Acquisition Inc. ("Merger Sub") and the Company have entered into an agreement captioned "Agreement and Plan of Merger," dated as of October 27, 2005 (the "Merger Agreement"), pursuant to which Merger Sub will be merged with and into the Company (the "Merger"); and

WHEREAS, in accordance with the foregoing, the Company and the Executive desire to enter into this Agreement to set forth the terms of the Executive's continued employment with the Company, effective as of the consummation of the Merger (the "Closing").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts the terms of continued employment with the Company.

2. Term. Subject to earlier termination as hereafter provided, the Executive's employment hereunder shall have an original term of three (3) years commencing on the date of the Closing (the "Initial Term") and shall automatically be renewed thereafter for successive terms of one year each, unless the Company provides notice to the Executive at least ninety (90) days prior to the expiration of the Initial Term or any renewal term that the Agreement is not to be renewed, in which event this Agreement and the Executive's employment hereunder shall terminate at the expiration of the then-current term. The term of this Agreement, as from time to time renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof." In the event that the Closing does not occur, this Agreement shall be void *ab initio* and of no force or effect.

3. Capacity and Performance.

a. During the term hereof, the Executive shall serve the Company as its Managing Director and Chief Operating Officer, reporting to the Chief Executive Officer of the Company (the "CEO").

b. During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall have such duties, authority and responsibilities as are commensurate with her position and such other duties, consistent with her position, as may be designated from time to time by the Board of Directors of the Company (the "Board").

c. During the term hereof, the Executive shall devote her full business time and her best efforts to the discharge of her duties and responsibilities hereunder; provided,

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however, that, subject to Section 8 hereof, the foregoing shall not be construed to prevent the Executive from attending to personal investments and community and charitable service, provided that such activities do not unreasonably interfere with the performance of Executive's duties to the Company. In addition, the Executive may serve on boards of directors and similar governing bodies, and committees thereof, subject to the approval of the Board, which approval shall not be unreasonably withheld, and subject to Section 8 hereof. Notwithstanding the foregoing, the Executive may continue to serve on those boards and committees on which the Executive was serving at the time of the Closing, which boards and committees are listed on Schedule 1(A) of this Agreement.

4. Compensation and Benefits. As compensation for all services performed by the Executive during the term hereof:

a. Base Salary. During the term hereof, the Company shall pay the Executive a base salary at the rate per annum as set forth on Schedule 1(B) of this Agreement, payable in accordance with the regular payroll practices of the Company for its executives and subject to increase from time to time by the Board (or its compensation committee). The Executive's base salary may only be decreased with the approval of Mark S. Casady and then only in an across-the board salary reduction in which all executives and other employees are subject to an equal percentage reduction. The Executive's base salary, as from time to time increased or decreased in accordance with Agreement, is hereafter referred to as the "Base Salary."

b. Bonus Compensation.

i. The Executive shall be eligible to receive a full bonus, without pro-ration, for calendar year 2005, determined in accordance with the Company's employee cash bonus plan as in effect immediately prior to the Closing, as set forth in Schedule 1(C) hereto.

ii. Each calendar year thereafter during the term hereof, the Executive shall be eligible to participate in the cash bonus plan in effect for employees of the Company generally, under which, subject to the next sentence, the plan elements described in clauses (A) and (C) below shall be not be decreased from those applicable to the Executive under the bonus plan in effect immediately prior to the Closing, and the plan element described in clause (B) below shall be substantially consistent with past practice: (A) the target bonus, (B) the level of performance required to reach target and (C) the opportunity to earn bonus compensation in excess of target, with respect to clauses (A) and (C) as set forth on Schedule 1(D) hereto. Neither the Executive's target bonus nor the opportunity to earn bonus compensation in excess of target may be subject to an adverse change and the level of performance required to reach target may not be materially adversely changed except with the approval of Mark S. Casady and then only in an across-the-board change which affects equally all employees participating in the bonus plan. Such cash bonus shall be in addition to the Base Salary. The Executive's target bonus under the executive cash bonus plan is referred to hereafter as the "Target Bonus." In clarification of the foregoing, the actual bonus earned by the Executive for any given calendar year, may be below, at or above the Target Bonus, based on actual performance. Subject to any effective deferral election made available and elected by the Executive, each bonus earned by the Executive hereunder shall be paid no later than March 15 of the calendar year following the end of the calendar year for which the bonus was earned.

c. Stock Option Grants. Pursuant to the following terms and conditions, the Executive shall be eligible to participate in Holdings' stock option plan and Holdings agrees as follows:

i. Holdings shall establish a stock option plan ("Stock Option Plan") providing for grants of options (the "Stock Options") to purchase the common stock of BD Investment Holdings Inc., par value $0.01 (the "Buyer Common Stock") in amounts not less than (i) 2% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2008 and January 1, 2009 and (ii) 2.5% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive, selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2010 and January 1, 2011.

ii. Beginning in January 2008, each annual Stock Option grant shall be made between the first and fifteenth business day of the year, unless the CEO, in his sole discretion, shall agree with the Board to a later date during such year (the "Default Date"). If the Board does not approve Stock Option grants in the amounts set forth in Section 4(c)(i) by the Default Date, then Stock Options in such amounts shall be granted pro-rata to existing option holders and employee stockholders as of such date of grant, except that the CEO's share of such Stock Option grants shall be reduced by 75% and the other four most highly compensated executives' share of such Stock Option grants shall be reduced by 50%.

iii. The per share exercise price of each Stock Option shall be equal to the Fair Market Value of a share of Buyer Common Stock on the date of grant. Each Stock Option granted shall vest in five equal tranches on each of the first five anniversaries of the date of grant subject to the option holder's continued employment as of each such vesting date; provided, however, that all Stock Options shall automatically vest in full upon a "change in control" (as defined in the Option Plan, it being understood that an IPO shall in no event constitute a change in control). Notwithstanding any provision of this Agreement to the contrary, following an IPO, no additional Stock Options shall be granted pursuant to the Stock Option Plan.

iv. Upon termination of her employment, the portion of any Stock Option granted to the Executive which has not yet vested shall terminate. In the event the Executive's employment terminates for any reason other than for Cause; the Executive may exercise any vested portion of any Stock Option held by her on the date of termination provided that she does so prior to the earlier of (A) ninety (90) days following termination of employment and (B) the expiration of the scheduled term of the Stock Option. Notwithstanding the foregoing, if the Executive's employment is terminated due to death or disability (as defined in Section 5(b)), then the Executive or, as applicable in the event of death, her beneficiary or estate, may exercise any vested portion of any Stock Option held by the Executive on the date employment terminates for the shorter of (A) the period of twelve (12) months following the termination date and, (B) with respect to each Stock Option individually, the expiration of the scheduled term of

such Stock Option. Upon a termination of the Executive's employment by the Company for Cause, all Stock Options shall be forfeited immediately.

v. Holdings, the Company and the Executive agree to cooperate to structure the Stock Option Plan so as to minimize or avoid additional taxes and interest that would otherwise be imposed on the Executive with respect to options granted under the Stock Option Plan pursuant to Section 409A of the Internal Revenue Code as amended (the "Code"); provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for such purpose.

d. Vacations. During the term hereof, the Executive shall be eligible for the number of weeks of vacation per year set forth on Schedule 1(E) to this Agreement, subject to the vacation policies of the Company generally applicable to its executives, as in effect from time to time, provided that the Executive shall not be barred from taking up to the maximum number of weeks of vacation in any given year solely by reason of the Executive's failure to work for a specified period of time during such year prior to the time of such vacation.

e. Other Benefits. During the term hereof, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for executives and/or employees of the Company generally, provided that the Executive shall receive benefits pursuant to plans, programs and policies (other than any equity-based compensation plan or program) that are comparable, and no less favorable in the aggregate, to those benefits offered to her immediately prior to the Closing.

f. Business Expenses. During the term hereof, the Company shall pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of her duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as the Company may require and otherwise consistent with the Company's policies generally applicable to its executives, as in effect from time to time.

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term hereof under the following circumstances:

a. Termination due to Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to her estate, "Final Compensation" which shall include all of the following: (i) the Base Salary earned but not paid through the date of termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) payment of any annual bonus earned but not paid for the year preceding that in which the date of termination occurs, (iv) reimbursement for any business expenses incurred by the Executive and reimbursable pursuant to Section 4(f) hereof but un-reimbursed on the date of termination (clauses (i), (ii), (iii) and (iv), collectively, the "Termination Entitlements"); (v) a bonus for the year in which the date of termination occurs determined by multiplying the Target Bonus for that year by a fraction, the numerator of which is the number of days the Executive was employed during the year in which the date of termination occurs, through the date of

termination, and the denominator of which is 365, (vi) a single lump-sum payment equal to the premium (including the additional amount (if any) charged for administrative costs as permitted by the Federal law known as "COBRA") of continued health and dental plan participation under COBRA for the Executive (in the event of a termination other than as a result of death) and for the Executive's qualified beneficiaries (as that term is defined under COBRA) for the one (1) year period immediately following the date of termination and, and the Company shall have no further obligation to the Executive hereunder, other than (A) obligations due to the Executive as of the date of termination but not yet satisfied, such as, by way of example but not limitation, an uncorrected error in Base Salary or an outstanding claim under one of the welfare plans or an uncorrected error in the Executive's retirement plan account, and (B) obligations which, whether or not due to the Executive as of the date of termination, survive termination, such as, by way of example but not limitation, rights to exercise vested stock options (all of the foregoing, under clauses (A) and (B) hereof, the "Surviving Company Obligations").

b. Termination due to Disability. The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of her duties and responsibilities hereunder, notwithstanding the provision of any reasonable accommodation, for any period of six (6) consecutive months. During any period in which the Executive is disabled but prior to the Executive's date of termination, the Executive shall continue to receive all compensation and benefits under Section 4 hereof while her employment continues. If any question shall arise as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of her duties and responsibilities hereunder, the Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Executive has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. In the event of termination by the Company due to the Executive's disability, the Company shall provide the Executive with the Final Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

c. Retirement. The Executive may elect to retire voluntarily on thirty (30) days' notice to the Company, provided that the Executive is then at least 65 years of age. In such event, the Company shall pay to the Executive the Final Compensation (other than the benefits under clause (v) of the definition thereof (the "Accrued Compensation")) and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

d. Termination by the Company for Cause. The Company may terminate the Executive's employment at any time for "Cause," which shall mean only (i) the intentional failure to perform (excluding by reason of disability) or gross negligence or willful misconduct in the performance of regular duties or other breach of fiduciary duty or material breach of this Agreement which remains uncured after thirty (30) days' notice specifying in reasonable detail the nature of the failure, negligence, misconduct or breach and what is required of the Executive to cure, (ii) conviction or plea of *nolo contendere* to a felony or (iii) fraud or embezzlement or

other dishonesty which, has a material adverse effect on the Company. Before terminating the Executive for Cause, (A) at least two-thirds (2/3) of the members of the Board (excluding the Executive, if a Board member) must conclude in good faith that, in their view, one of the events described in subsection (i), (ii) or (iii) above has occurred and (B) such Board determination must be made at a duly convened meeting of the Board (X) of which the Executive received written notice at least ten (10) days in advance, which notice shall have set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Company's belief that one of the events described in subsection (i), (ii) or (iii) above occurred and, in the case of an event under subsection (i), remains uncured at the expiration of the notice period, and (Y) at which the Executive had a reasonable opportunity to make a statement and answer the allegations against the Executive. In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive the Termination Entitlements and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. The parties acknowledge and agree that this definition of "Cause" shall be applicable and controlling with respect to the option agreements executed by the Executive under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options, pursuant to the terms of Section 14 of each such option agreement.

e. Termination by the Company other than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon ten (10) days notice to the Executive. Termination by the Company on or following expiration of the term hereof (other than a termination due to the Executive's death or disability or under circumstances that would constitute "Cause" if this Agreement were still in effect) will be treated as a termination other than for Cause under this Section 5(e). In the event of termination under this Section 5(e), the Executive shall be entitled to receive (i) the Accrued Compensation, and, (ii) subject to Executive's continued compliance with her obligations under Sections 6, 7 and 8 hereof, (x) an amount equal to the applicable Severance Multiplier multiplied by the sum of the Executive's Base Salary and Target Bonus for the year in which the date of termination occurs (or if no such Target Bonus has been established for the Executive for the year in which the date of termination occurs, the Target Bonus for the year immediately preceding the year in which the date of termination occurs) and (y) for two years following the date of termination, continued participation of the Executive and her qualified beneficiaries, as applicable, under the Company's group life, health, dental and vision plans in which the Executive was participating immediately prior to the date of termination, subject to any premium contributions required of the Executive at the rate in effect on the date of termination of her employment and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. For purpose of this Agreement, the "Severance Multiplier" shall be (A) two (2) in the event of termination under Section 5(e) or Section 5(f) (other than due to Good Reason resulting solely from notice of non-renewal of the term of this Agreement), in each case, prior to the expiration of the Initial Term; (B) one and one half (1.5) in the event of a termination under Section 5(e) or Section 5(f), in each case, on or following the expiration of the Initial Term; (C) one and one half (1.5) in the event of a termination at any time during the term of this Agreement for Good Reason resulting solely from the provision by the Company of notice of non-renewal of the term of this Agreement; and (D) one (1) in the event of a termination of the Executive under Section 5(g) and pursuant to which the Company makes the election under Section 8(b) hereof. Any payments due under Section 5(e), Section 5(f), Section 5(g) or Section 8(b), as applicable, shall be payable in equal monthly installments over the number of years and/or portions thereof

equal to the applicable Severance Multiplier; and, subject to Section 5(h), shall begin at the Company's next regular payday following the effective date of termination.

f. Termination by the Executive for Good Reason. The Executive may terminate her employment hereunder for Good Reason and, in that event, subject to Executive's continued compliance with her obligations under Sections 6, 7 and 8 hereof, shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. "Good Reason" shall mean only (A) the occurrence, without the Executive's express written consent (which may be withheld for any or no reason) of any of the events or conditions described in the following subsections (i) through (viii), provided that, except with respect to the event described in subsection (viii), the Executive gives written notice to the Company of the occurrence of Good Reason within ninety (90) days following the date on which the Executive first knew or reasonably should have known of such occurrence and the Company shall not have fully corrected the situation within thirty (30) days following such notice or (B) termination (for any or no reason) by written notice from the Executive given within the thirty day period immediately following the twelve month anniversary of a Change of Control occurring after the effective date of this Agreement. The following occurrences shall constitute Good Reason for purposes of clause (A) of this Section 5(f): (i) a reduction in the Executive's Base Salary (other than as expressly permitted under Section 4(a) hereof); (ii) an adverse change in the Executive's bonus opportunity through reduction of the Target Bonus or the maximum available bonus or a material adverse change in the goals or level of performance required to achieve the Target Bonus (other than as expressly permitted under Section 4(b) hereof); (iii) a failure by the Company to pay or provide to the Executive any compensation or benefits to which the Executive is entitled hereunder; (iv) (A) a material adverse change in the Executive's status, positions, titles, offices, duties and responsibilities, authorities or reporting relationship from those in effect immediately before such change; (B) the assignment to the Executive of any duties or responsibilities that are substantially inconsistent with the Executive's status, positions, titles, offices or responsibilities as in effect immediately before such assignment; or (C) any removal of the Executive from or failure to reappoint or reelect the Executive to any of such positions, titles or offices; provided that termination of the Executive's employment by the Company for Cause, by the Executive other than for Good Reason pursuant to Section 5(g) hereof, or a termination as a result of the Executive's death or disability shall not be deemed to constitute or result in Good Reason under this subsection (iv); (v) (A) if the Executive was based at the Company's headquarter offices in Boston, Massachusetts as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's Boston headquarter offices; (B) if the Executive was based at the Company's headquarter offices in San Diego, California as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's San Diego headquarter offices; or (C) if the Executive was not based at the Company's headquarter offices in San Diego, the Company's requiring the Executive to be based at any location which results in the Executive's regular commuting distance being twenty-five (25) or more miles greater than the Executive's regular commuting distance immediately prior to

such relocation; provided that in all such cases the Company may require the Executive to travel on Company business including being temporarily based at other Company locations as long as such travel is reasonable and is not materially greater or different than the Executive's travel requirements before the Closing; (vi) any material breach by the Company of this Agreement, the Stockholders' Agreement, dated as of the Closing, by and among the Company, BD Investment Holdings Inc. and the stockholder signatories thereto (the "Stockholders' Agreement"), the Indemnification Agreement, dated as of the Closing, by and among the Executive and the Company (the "Indemnification Agreement"), any option agreements entered into by and between the Company and/or Holdings and the Executive; (vii) the failure by the Company to obtain, before completion of a Change in Control, an agreement in writing from any successor or assign to assume and fully perform under this Agreement; or (viii) the provision of notice by the Company of non-renewal of this Agreement.

g. By the Executive Other than for Good Reason. The Executive may terminate her employment hereunder at any time upon thirty (30) days' notice to the Company. In the event of termination by the Executive pursuant to this Section 5(g), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive her Base Salary and prorated Target Bonus for the notice period (or for any remaining portion of the period). The Company shall also provide the Employee the Accrued Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. At the election of the Company, in accordance with and subject to the provisions of Section 8(b) hereof and subject to the Executive's continued compliance with her obligations under Sections 6, 7 and 8 hereof, the Executive shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder, but with a Severance Multiplier of one (1).

h. Timing of Payments. In the event that at the time the Executive employment terminates the Company's shares are publicly traded (as defined in Section 409A of the Code) or the limitation on payments or provision of benefits imposed by Section 409A(a)(2)(B) would otherwise be applicable, any amounts payable or benefits provided under Section 5 that would have been payable during the six (6) months following the date of termination of employment with the Company and would otherwise be considered deferred compensation subject to the additional twenty percent (20%) tax imposed by Section 409A if paid within such six (6) month period shall be paid, in a lump sum on the business day after the date that is the earlier of (x) six (6) months following the date of termination, or (y) at such time as otherwise permitted by law that would not result in such additional taxation and penalties under Section 409A; provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for any tax imposed under Section 409A.

i. No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any cash payment or the value of any benefit provided for in this Agreement by seeking other employment, by seeking benefits from another employer or other source, or by pursuing any other type of mitigation. No payment or benefit provided for in this Agreement shall be offset or reduced by the amount of any cash compensation or the value of any benefit provided to the Executive in any subsequent employment or from any other source.

Notwithstanding the foregoing, if the Executive begins to participate in the group health plan of another employer Which provides benefits substantially similar to those provided by the Company pursuant to this Section 5, then the Executive shall promptly notify the Company and the Company may

discontinue the health plan participation being provided the Executive pursuant to this Section 5.

6. Confidential Information.

a. The Executive acknowledges that the Company continually develops Confidential Information (as defined in Section 12); that the Executive may develop Confidential Information for the Company; and that the Executive may learn of Confidential Information during the course of employment. The Executive shall not disclose to any Person or use, other than as required by applicable law or for the performance of her duties and responsibilities to the Company, any Confidential Information obtained by the Executive incident to her employment with the Company. The Executive understands that this restriction shall continue to apply after her employment terminates, regardless of the reason for such termination.

b. All documents, records, tapes and other media of every kind and description containing Confidential Information, and all copies, (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company. The Executive shall return to the Company no later than the time her employment terminates all Documents then in the Executive's possession or control.

7. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property (as defined in Section 12) to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Executive creates in the performance of her duties hereunder shall be considered "work made for hire."

8. Restricted Activities.

a. While the Executive is employed by the Company and, except as otherwise provided in Section 8(b) or 8(c) below, for the period of two (2) years, following the termination of the Executive's employment for any reason (including retirement) or, in the event of a termination for which the Executive is entitled to severance pay calculated with a Severance Multiplier of 1.5, for a period of eighteen (18) months following such termination, (as applicable, the "Non-Competition Period"), subject to the Company's compliance with the post-employment terms of this Agreement, the Executive will not engage or participate in, directly or indirectly, alone or as principal, agent, employee, employer, consultant, investor or partner of, or assist in the management of, or provide advisory or other services to, or own any stock or any other ownership interest in, or make any financial investment in, any business or entity which is

Competitive with the Company (as defined below); *provided*, *however*, that it shall not be a violation of the foregoing (i) for the Executive to own not more than two percent (2%) of the outstanding securities of any class of securities listed on a national exchange or inter-dealer quotation system or (ii) following termination of the Executive's employment with the Company, for the Executive to provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is Competitive with the Company if the Executive is not employed in such line of business or division or by such subsidiary or other affiliate and is not involved, directly or indirectly, in the management, supervision or operations of such line of business, division, subsidiary or affiliate that is Competitive with the Company. For purposes of this Agreement, a business or entity shall be considered "Competitive with the Company" if such business or entity provides or is engaged in, at any time during the Non-Competition Period (A) asset management, brokerage, investment advisory and insurance services, including services related to financial advisors for open end and closed end public mutual funds, or (B) any other businesses in which the Company and its subsidiaries were engaged, or any material products and/or services that the Company or its subsidiaries were actively developing or designing, in each case under this clause (B) as of the date the Executive's employment with the Company terminated, provided that, prior to such termination, the Executive knew of such other business or such material product or such service under active development or design. In addition, during the Non-Competition Period, the Executive will not (other than when acting on behalf of the Company during the Executive's employment) (i) solicit, or attempt to solicit, any existing or prospective customers, targets, suppliers, financial advisors, officers or employees of the Company or any of its subsidiaries to terminate their relationship with the Company or any of its subsidiaries or (ii) divert, or attempt to divert, from the Company or any of its subsidiaries any of its customers, prospective customers, targets, suppliers, financial advisors, officers or employees or (iii) hire or engage or otherwise contract with, or attempt to hire or engage or otherwise contract with, any officers, employees or financial advisors of the Company, whether to be an employee, officer, agent, consultant or independent contractor; *provided, however,* that nothing in this Section 8(a) shall be deemed to prohibit the Executive from soliciting a customer, prospective customer, target or supplier of the Company or any of its subsidiaries during the Non-Competition Period if such action relates solely to a business which is not Competitive with the Company. A customer, prospective customer, target, supplier, financial advisor, officer or employee of the Company or any of its subsidiaries is any one who was such within the preceding twelve months, excluding, however, any prospective customer or target which was solicited solely by mass mailing or general advertisement during that period and any officer, employee or financial advisor whose relationship with the Company was terminated by the Company or any of its subsidiaries other than for circumstances that would constitute "cause" (within the meaning of any such definition applicable to such officer, employee or financial advisor, or, if no such definition is applicable, "cause" as defined in Section 14 of the form of option agreements under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options) and provided further, with respect to the Company's subsidiaries, that the Executive during her employment with the Company was introduced to, or otherwise knew of or should have known of the relationship of, such customer, prospective customer, target, supplier, financial advisor or employee to the subsidiary.

b. Notwithstanding anything herein to the contrary, in the event that the Executive terminates her employment hereunder without Good Reason, the Executive shall, at

the Company's election, which election shall be provided to the Executive prior to the date of termination, (1) receive the payments and benefits specified in Section 5(e) with a Severance Multiplier of one (1) and be subject to a Non-Competition Period which shall continue for two (2) years following the date of

termination of the Executive's employment, or (2) receive no payments and benefits specified in Section 5(e) and be subject to a Non-Competition Period which shall continue for one (1) year following the date of termination of the Executive's employment.

c. The Executive may seek a waiver from the Company of her obligations pursuant to this Section 8, which waiver shall not be unreasonably withheld or delayed. As of the date of the grant of such waiver by the Company, all payments and benefits under the applicable provision of Section 5 shall cease (other than the payment of Final Compensation, excluding the payments and benefits under clause (v) of the definition thereof which shall cease or be reimbursed by the Executive on a pro-rata basis for the waived time period of the one (1) year Non-Competition Period, as applicable) or Accrued Compensation, as applicable).

9. Reasonableness; Enforcement. The Company and the Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6, 7 and 8 (the "Covenants") have been specifically negotiated by sophisticated parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Company, (iii) impose no undue hardship, (iv) are not injurious to the public, and (v) are essential to protect the business and goodwill of the Company and its affiliates and are a material term of this Agreement which has induced the Company to agree to provide for the payments and benefits described in this Agreement and induced Holdings to enter into the Merger Agreement. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Company and Holdings irreparable harm, which cannot be adequately compensated by money damages. The Executive and the Company agree that, in the event of an actual or threatened breach of Section 8, the Company shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have at law or equity, including money damages.

10. Survival. Provisions of this Agreement shall survive any termination if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under Sections 6, 7, 8 and 9 hereof and the obligations of the Company pursuant to Section 5 hereof.

11. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of her obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any court order or other legal obligation that would affect the performance of her obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

a. "Change in Control" means the consummation, after the date of Closing, of (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, transaction or transfer of securities of the Company by its stockholders, or series of related transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own directly or indirectly, capital stock either (A) representing directly or indirectly through one or more entities, less than fifty percent (50%) of the equity economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (B) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors or other similar governing body of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (ii) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its "affiliates" or "associates" (as such terms are defined in the Exchange Act Rules) or any "group" (as defined in the Exchange Act Rules) other than, in each case, the Company or an Affiliate of the Company immediately following the Closing, or (iii) a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a "Business Combination"), provided that, notwithstanding the foregoing, the following transactions shall in no event constitute a Change in Control: (A) a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction or (B) an IPO.

b. "Confidential Information" means any confidential proprietary information relating to the business of the Company or its affiliates or their respective customers or clients which has an economic value to the Company or its affiliates. Confidential Information does not include any information that enters the public domain other than through a breach by the Executive of her duties to the Company hereunder or which is obtained by the Executive from a third party which has no obligation of confidentiality to the Company.

c. "Fair Market Value" means, as of any date, the Board of Directors' good faith determination of the fair market value, taking into an account the most recent annual valuation (which shall be required to be conducted by an independent appraiser at least annually) and updated by the Company in good faith for the most recently ended quarter.

d. "Initial Public Offering" or "IPO" means the initial offering of stock to the public by the Company or stockholders of the Company or Holdings requiring registration under the Securities Act.

e. "Intellectual Property" means any invention, formula, process, discovery, development, design, innovation or improvement (whether or not patentable or registrable under copyright statutes) made, conceived, or first actually reduced to practice by the Executive solely or jointly with others, during her employment by the Company; provided, however, that, as used in this Agreement, the term "Intellectual Property" shall not apply to any

invention that the Executive develops on her own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Executive for the Company.

f. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its subsidiaries.

13. Withholding. All payments or other benefits, to the extent required by law, made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

14. Legal Fees. The Company shall at its election either pay directly the joint legal expenses incurred by the Executive and the other executives of the Company with whom the Company is entering into employment agreements effective as of the Closing in the negotiation and preparation of their employment agreements or reimburse the Executive for her portion of such joint legal expenses. In addition, all reasonable costs and expenses that are reasonably documented (including court and arbitration costs and reasonable legal fees and expenses that reflect common practice with respect to the matters involved) incurred by the Executive as a result of any claim, action or proceeding arising out of this Agreement or the contesting, disputing or enforcing of any provision, right or obligation under this Agreement shall be paid, or reimbursed to the Executive, if, in the final resolution of the dispute, the Executive either recovers material monetary damages (in cash or in kind, such as benefits) or is the prevailing party on a material non-monetary claim (such as a dispute regarding a restrictive covenant).

15. Dispute Resolution.

a. Except as provided in Section 9, any dispute, controversy or claim between the parties arising out of this Agreement or the Executive's employment with the Company or termination of employment shall be settled by arbitration conducted in the city in which the Executive is located administered by the American Arbitration Association under its Employment Dispute Resolution Rules then in effect (except as modified by b. below).

b. In the event that a party requests arbitration (the "Requesting Party"), it shall serve upon the other party (the "Non-Requesting Party"), within one hundred and eighty (180) days of the date the Requesting Party knew, or reasonably should have known, of the facts on which the controversy, dispute or claim is based, a written demand for arbitration stating the substance of the controversy, dispute or claim, the contention of the party requesting arbitration and the name and address of the arbitrator appointed by it. The Non-Requesting Party, within sixty (60) days of such demand, shall accept the arbitrator or appoint a second arbitrator and

notify the other party of the name and address of this second arbitrator so selected, in which case the two arbitrators shall appoint a third who shall be the sole arbitrator to hear the case. In the event that the two arbitrators fail in any instance to appoint a third arbitrator within thirty (30) days of the appointment of the second arbitrator, either arbitrator or any party to the arbitration may apply to the American Arbitration Association for appointment of the third arbitrator in accordance with the Rules, which arbitrator shall be the sole arbitrator to hear the case. Should the Non-Requesting Party (upon whom a demand for arbitration has been served) fail or refuse to accept the arbitrator appointed by the other party or to appoint an arbitrator within sixty (60) days, the single arbitrator shall have the right to decide alone, and such arbitrator's decision or award shall be final and binding upon the parties.

c. The decision of the arbitrator shall be in writing; shall set forth the basis for the decision; and shall be rendered within thirty (30) days following the hearing. The decision of the arbitrator shall be final and binding upon the parties and may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought.

16. No Withholding of Undisputed Payments. During the pendency of any dispute or controversy, the Company shall not withhold any payments or benefits due to the Executive, whether under this Agreement or otherwise, except for the specific portion of any payment or benefit that is the subject of a bona fide dispute between the parties.

17. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

18. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

20. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in person or the next business day following consignment for overnight delivery to a reputable national overnight courier service or five business days following deposit in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at her last known address on the books of the Company or, in the case of the Company, at its principal place of

business, attention of the Chairman of the Board, or to such other address as a party may specify by notice to the other actually received. Copies of any notices, requests, demands and other communication to the Company by the Executive shall be sent by the to the Investors at the following address: c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, Attn: Richard Schifter (Fax: 415-743-1501) and c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, Attn: Jeffrey Goldstein (Fax: 415-835-5408)

21. Entire Agreement. This Agreement and the Indemnification Agreement constitute the entire agreement between the parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment including without limitation the Management Arrangements — Summary of Key Terms.

22. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an authorized representative of the Company subject to prior approval by the Board.

23. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

25. Governing Law. This is a Massachusetts contract and shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

By: /s/ Esther M. Stearns
Name: Esther M. Stearns

THE COMPANY

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

In addition, BD Investment Holdings Inc. agrees to be bound by the terms of Section 4(c) of the Employment Agreement which is expressly applicable to BD Investment Holdings Inc.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: /s/ Allen R. Thorpe
Title:

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of December 28, 2005 (the "Closing Date"), by and between each of BD Investment Holdings Inc. ("Holdings"), LPL Holdings, Inc., a Massachusetts corporation ("LPL", and together with Holdings, each a "Company"), and Esther M. Stearns (the "Indemnitee"), an officer and/or director of a Company.

RECITALS

WHEREAS, although the Restated Articles of Organization and the By-laws of LPL provide for indemnification of the officers and directors of LPL and the Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act, the Massachusetts Business Corporation Act expressly contemplates that contracts may be entered into between LPL and officers of LPL and/or members of the Board of Directors of LPL with respect to indemnification of officers and directors; and

WHEREAS, the Indemnitee's continued service to each Company substantially benefits the Companies; and

WHEREAS, each of the Boards of Directors of LPL and Holdings has determined that it is in the best interest of the Companies and that it is reasonably prudent and necessary for each Company contractually to obligate itself to indemnify, and to pay, on a current basis, expenses in advance of a final disposition of any Proceeding on behalf of the Indemnitee to the fullest extent permitted by applicable law in order to induce the Indemnitee to serve or continue to serve the Companies free from undue concern that the Indemnitee will not be so indemnified or that any indemnification obligation will not be met; and

WHEREAS, this Agreement is a supplement to and in furtherance of (a) the Restated Articles of Organization and Bylaws of LPL, and (b) the certificate and bylaws or partnership agreement, as the case may be, of Holdings and any Enterprise (as defined below) and any resolutions adopted pursuant thereto, and shall not be deemed, a substitute therefor, nor to diminish or abrogate any rights of the Indemnitee thereunder; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Companies and certain other Enterprises on the condition that the Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, each Company and the Indemnitee do hereby covenant and agree as follows:

1. *Definitions*. For purposes of this Agreement, the following terms shall have the meanings hereafter assigned to them:

(a) "Corporate Status" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or of any other Enterprise.

(b) A "Disinterested Director" shall mean a director of the applicable Company who, at the time of a vote referred to in the definition of Reviewing Party is not (i) the Indemnitee, (ii) a Party to (or a participant in) the Proceeding for which indemnification is sought or (iii) an individual having a familial, financial, professional or employment relationship with the Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on such director's judgment when voting on the decision being made.

(c) "Enterprise" shall mean (i) the Companies and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Companies and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving at the request of a Company. For purposes of this Agreement, a director or officer will be considered to be serving on an employee benefit plan at a Company's request if the individual's duties to such Company also impose duties on, or otherwise involve services by, the individual to the plan.

(d) "Expenses" shall mean all reasonable expenses, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses shall include such fees and expenses, and costs incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

(e) "Fines" shall mean any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of a Company" shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or an Enterprise which imposes duties on, or involves services by, such director, trustee, general partner, managing member, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Companies" as referred to in this Agreement.

(f) An "Indemnifiable Event" shall mean any Proceeding in which the Indemnitee was, is or will be involved as a Party or otherwise by reason of the fact that the Indemnitee is or was an officer or director of any of the Companies or the Enterprises, by reason of any acts or omissions on his part while acting as an officer or director of such Company, or by reason of the fact that he is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any Expense, judgment, fine or amount paid in settlement

is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(g) An "Indemnitee Statement" shall mean a written demand by the Indemnitee to a Company for a payment pursuant to Section 2(b) of this Agreement, accompanied by a written statement, dated the date of such statement, from the Indemnitee to a Company in which the Indemnitee (i) affirms, with respect to the applicable Indemnifiable Event, the Indemnitee's good faith belief that the Indemnitee has met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act or that the Proceeding involves conduct for which liability has been eliminated under such Company's articles of organization or bylaws and (ii) undertakes to repay any funds paid in advance of a final disposition of a Proceeding (or funds paid directly by a Company advance of a final disposition of a Proceeding) with respect to the applicable Indemnifiable Event, the Indemnitee is not entitled to indemnification under applicable law as ultimately determined by a court of competent jurisdiction or by the Reviewing Party that the Indemnitee has not met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(h) An "IPO" shall mean an underwritten initial public offering or public offering of shares of BD Investment Holdings Inc. pursuant to a registration statement under the Securities Act of 1933, as amended, or any successor federal statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

(i) A "Liability" shall mean an obligation to pay a judgment, settlement, penalty, and/or Fine (including an excise tax assessed with respect to an employee benefit plan) in connection with an Indemnifiable Event and any Expenses incurred in connection with an Indemnifiable Event.

(j) A "Party" shall mean an individual who was, is, or is threatened to be made, a defendant or respondent in a Proceeding. The Indemnitee shall be considered a "Party" in a Proceeding in which the Indemnitee seeks a declaratory judgment with respect to matters related to an Indemnifiable Event. In addition, the Indemnitee shall be considered a Party for all aspects of an Indemnifiable Event even though the Indemnitee asserts counter-claims or cross-claims.

(k) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than a Company or any of its subsidiaries.

(l) A "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of a Company or otherwise, whether informal or formal, and whether of a civil, criminal, administrative or investigative nature, including, without limitation, any such proceeding pending as of the date of this Agreement.

(m) The "Reviewing Party" in connection with an Indemnifiable Event shall be, as selected by the Indemnitee in his or her sole discretion:

(i) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, such Board of Directors acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(ii) a Special Legal Counsel nominated by the Indemnitee and selected by

(a) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, the Board of Directors of such Company acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(b) if there are fewer than two Disinterested Directors on the Board of Directors of the applicable Company, the fall Board of Directors of the Company, with directors who do not qualify as Disinterested Directors eligible to vote; or

(iii) prior to an IPO, the shareholders of the applicable Company acting by the vote required for ordinary corporate actions, except that shares owned by or voted under the control of (A) a director of such Company who at the time does not qualify as a Disinterested Director or (B) the Indemnitee may not be voted on the determination.

(n) "Special Legal Counsel" shall mean, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and (b) is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Company or the Indemnitee in any matter material to either such party (other than as Special Legal Counsel), or (ii) any other Party to (or participant in) the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Special Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either of the Companies or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. Each Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

2. *Basic Arrangement*.

(a) In the event the Indemnitee is a Party in an Indemnifiable Event, subject only to limitations expressly imposed by the terms of this Agreement, each Company shall indemnify the Indemnitee for any associated Liabilities to the fullest extent permitted by law. Subject to Section 2(f) and in accordance with the procedures set forth in Section 3, any indemnification pursuant to this

Section 2(a) must be determined by the Reviewing Party to be permissible under the Massachusetts Business Corporation Act in the specific Proceeding. Each Company shall make any such payment to which the Indemnitee is entitled pursuant to this Section 2(a) as soon as practicable but in no event later than five (5) days after determination by the Reviewing Party.

(b) Notwithstanding anything to the contrary, before the final disposition of an Indemnifiable Event in which the Indemnitee is a Party, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expenses (an "Expense Advance") within ten (10) days after the receipt by a Company of a statement or statements requesting such advances from time to time, provided that the Indemnitee delivers an Indemnitee Statement. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(c) Pursuant to Section 8.58(a) of the Massachusetts Business Corporation Act, this Agreement shall constitute authorization to provide indemnification, pay funds, on a current basis, and reimburse expenses under Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(d) Each Company shell be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities in connection with an Indemnifiable Event or other any other Proceeding involving the Companies or Enterprises, in either case, in which the Indemnitee is a witness but not a Party. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(d) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(e) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities incurred by or on behalf of the Indemnitee (i) in taking any action to enforce any provision of this Agreement, including all Expenses incurred bringing a claim, counterclaim or cross claim in a legal proceeding, arbitration or otherwise to enforce this Agreement or any provisions of this Agreement or (ii) for recovery under any directors' and officers' liability insurance policy maintained by the Companies. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(e) within ten (10) days after receipt by

a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(f) Notwithstanding any other provisions of this Agreement, to the extent that the Indemnitee is a Party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding in connection with an Indemnifiable Event or in defense of any claim, issue or matter therein, in whole or in part, each Company shall be liable to indemnify the Indemnitee against all Liabilities incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, each Company shall be liable to indemnify Indemnitee against all Liabilities incurred by the Indemnitee or on the Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, each Company also shall be liable to indemnify the Indemnitee against all Expenses reasonably incurred in connection with any claim, issue or matter that is related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall b e deemed to be a successful result as to such claim, issue or matter.

(g) For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(1) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that permits a corporation to indemnify its officers and directors, including, without limitation, the indemnification permitted by Section 8.56 for officers;

(2) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Massachusetts Business Corporation; and

(3) to the fullest extent authorized or permitted by any amendments to or replacements of the Massachusetts Business Corporation Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. *Procedure Upon Application for Indemnification*.

(a) In order to obtain indemnification under this Agreement, the Indemnitee shall, anytime following Indemnitee's submission of an Indemnitee Statement to a Company,

and consistent with the time period of this Agreement as set forth in Section 5 of this Agreement, submit to a Company a written request for indemnification pursuant to this Section 3(a). No determination of Indemnitee's entitlement to indemnification shall be made until such written request for a determination is submitted to a Company pursuant to this Section 3(a), The failure to submit a written request to a Company will relieve the Companies of their indemnification obligations under this Agreement only to the extent the Companies can establish that such failure to make a written request resulted in actual prejudice to it, and the failure to make a written request will not relieve the Companies from any liability which it may have to indemnify the Indemnitee otherwise than under this Agreement. The Companies shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors of the Companies in writing that the Indemnitee has requested indemnification.

(b) The Indemnitee shall cooperate with the Reviewing Party making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Reviewing Party upon request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Reviewing Party, as the case may be, making such determination shall be advanced and borne by the Companies (where the Indemnitee executes and delivers to the Company the Indemnitee Statement) irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Companies are liable to indemnify and hold the Indemnitee harmless therefrom.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted an Indemnitee Statement, and each Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any of the Companies (including by their Boards of Directors) or of Special Legal Counsel to have made a determination prior to the commencement of any judicial proceeding or arbitration pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by any of the Companies (including by their Boards of Directors) or by Special Legal Counsel that the Indemnitee has not met such applicable standard of conduct shall create a presumption that the Indemnitee has not met the applicable standard of conduct.

(d) If the Reviewing Party shall not have made a determination within sixty (60) days after receipt by a Company of the Indemnitee's written request for indemnification pursuant to Section 3(a) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a failure by the Indemnitee to comply with Section 3(b) hereof, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Special Legal Counsel making the determination with respect to

entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(e) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not meet any particular standard of conduct required pursuant to this Agreement.

(f) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action or failure to act is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 3(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(g) The knowledge and/or actions, or failure to act, of any other director, partner, managing member, officer, agent, employee or trustee of the Enterprise shall not be imputed to the Indemnitee for purposes of determining his right to indemnification under this Agreement.

4. *Remedies*.

(a) In the event that (i) a determination is made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) payment of Expenses, on a current basis, is not timely made pursuant to Section 2 of this Agreement, (iii) payment of Expenses is not made pursuant to Section 2 or the last sentence of Section 3(b) of this Agreement within ten (10) days after receipt by a Company of a written request therefor, (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) (iv) payment of indemnification pursuant to Section 2 of this Agreement is not made within ten (10) days after a determination has been made that the Indemnitee is entitled to indemnification, or (v) there is any breach of this Agreement, the Indemnitee shall be entitled to seek an adjudication by a court of competent jurisdiction as to his entitlement to such indemnification or payment of Expenses, on a current basis. Alternatively, under the circumstances in clauses (i) through (v), the Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Companies shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. If the Indemnitee has commenced adjudication or arbitration to secure a determination, with respect to an Indemnifiable Event, that the Indemnitee is entitled to indemnification under this Agreement, any determination made by the Reviewing Party that indemnification of the Indemnitee is not permissible under the Massachusetts Business Corporation Act with respect to such Indemnifiable Event shall not be binding, and (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) the Indemnitee shall not be required to

reimburse the Companies for any Expense Advance until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that indemnification is not legally permissible is made with respect to such matter.

(b) In the event that a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration, commenced pursuant to this Section 4, shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4, each Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is entitled to indemnification, the Companies shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that the Indemnitee is a Party to (or a participant in) a judicial proceeding or arbitration pursuant to this Section 4 concerning the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Companies, and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee (where, with respect to an Indemnifiable Event, the Indemnitee has executed and delivered to the Company the Indemnitee Statement) in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from each Company (who shall be liable therefor), and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Companies shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement.

5. *Duration of the Agreement*. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that the Indemnitee shall have ceased to serve as a director of any of the Companies or as a director, partner, managing member, officer, employee, agent or trustee of any other Enterprise; or (b) 1 year after the final termination (i) of any Proceeding (including any rights of appeal) then pending in respect of which the Indemnitee requests indemnification or advancement of Expenses hereunder and (ii) of any judicial proceeding or arbitration pursuant to Section 4 of this Agreement (including any rights of appeal) involving the Indemnitee. This Agreement shall be binding upon each Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his heirs, executors and administrators.

6. *Non-exclusivity, Etc.* The rights of indemnification and to receive payment of Expenses, on a current basis, as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Companies' or any other Enterprise's Articles of Organization, the Companies' or any other Enterprise's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of the Indemnitee under this Agreement in respect to any action taken or omitted by such Indemnitee in the Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Companies' or any other Enterprise's Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

7. *Liability Insurance*. To the extent that the Companies maintain an insurance policy or policies providing liability insurance for directors, partners, managing members, officers, employees, agents or trustees of the Companies or of any other Enterprise, the Indemnitee shell be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, partner, managing member, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2 hereof, the Companies have director and officer liability insurance in effect, the Companies shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Each Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Companies shall maintain an insurance policy or policies for directors, partners, managing members, officers, employees, agents or trustees of the Companies and of all Enterprises in an amount reasonably acceptable to the Chief Executive Officer of LPL.

8. *Amendments, Etc.* No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9. *Subrogation*. In the event of payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all such papers and do all such things as may be necessary or desirable to secure such rights.

10. *No Duplication of Payments*. The Companies shall not be liable under this Agreement to make any payment in connection with any Proceeding involving the Indemnitee to the extent the Indemnitee has otherwise received payment (under any insurance policy, the

Companies' articles of organization or by-laws or otherwise) of the amounts otherwise indemnifiable hereunder.

11. *Contribution*. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, each Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion in order to reflect (i) the relative benefits received by the Companies and the Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officer, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s).

12. *Binding Effect, Etc.* This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including, with respect to the Companies, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies, and including, with respect to the Indemnitee, the Indemnitee's estate, heirs and personal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer or director of the Companies or of any other Enterprise.

13. *Severability*. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions sha1l be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

14. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to the Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as the Indemnitee shall provide in writing to the Company, with a copy to Julie Jones, Esq., Ropes & Gray LLP, One International Place, Boston, MA 02110.

(b) If to any of the Companies to: LPL Holdings,, Inc., One Beacon Street, 22nd Floor, Boston, MA 02108, Attn: Secretary (or, if the Indemnitee is at such time the Secretary, to the President of the Company).

15. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to indemnification of the Indemnitee by the Companies for Indemnitee's service to the Companies, provided, however, that this Agreement shall in no way diminish rights of the Indemnitee that accrued prior to the date of this Agreement.

16. *Governing Law*. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of law

17. *References*. References to statutes, regulations and documents shall be deemed to mean such statutes, regulations and documents as amended from time to time and any successor statutes, regulations and documents.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

INDEMNITEE

By: /s/ Esther M. Stearns
Name: Esther M. Stearns

Address: 10533 Whispering Hillshire
San Diego, CA 92130

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LPL HOLDINGS, INC.

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

Exhibit 10.8

AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into this 28th day of December, 2005, by and between C. William Maher (the "Executive") and LPL Holdings, Inc. (the "Company") to be effective upon the Closing (as defined below).

WHEREAS, BD Investment Holdings Inc. ("Holdings"), BD Acquisition Inc. ("Merger Sub") and the Company have entered into an agreement captioned "Agreement and Plan of Merger," dated as of October 27, 2005 (the "Merger Agreement"), pursuant to which Merger Sub will be merged with and into the Company (the "Merger"); and

WHEREAS, in accordance with the foregoing, the Company and the Executive desire to enter into this Agreement to set forth the terms of the Executive's continued employment with the Company, effective as of the consummation of the Merger (the "Closing").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts the terms of continued employment with the Company.

2. Term. Subject to earlier termination as hereafter provided, the Executive's employment hereunder shall have an original term of three (3) years commencing on the date of the Closing (the "Initial Term") and shall automatically be renewed thereafter for successive terms of one year each, unless the Company provides notice to the Executive at least ninety (90) days prior to the expiration of the Initial Term or any renewal term that the Agreement is not to be renewed, in which event this Agreement and the Executive's employment hereunder shall terminate at the expiration of the then-current term. The term of this Agreement, as from time to time renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof." In the event that the Closing does not occur, this Agreement shall be void *ab initio* and of no force or effect.

3. Capacity and Performance.

a. During the term hereof, the Executive shall serve the Company as its Executive Vice President and Chief Financial Officer, reporting to the Chief Executive Officer of the Company (the "CEO"); provided however, that beginning on January 1, 2006, the Executive will serve the Company as its Managing Director and Chief Financial Officer, reporting to the CEO.

b. During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall have such duties, authority and responsibilities as are commensurate with his position and such other duties, consistent with his position, as may be designated from time to time by the Board of Directors of the Company (the "Board").

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c. During the term hereof, the Executive shall devote his full business time and his best efforts to the discharge of his duties and responsibilities hereunder; provided, however, that, subject to Section 8 hereof, the foregoing shall not be construed to prevent the Executive from attending to personal investments and community and charitable service, provided that such activities do not unreasonably interfere with the performance of Executive's duties to the Company. In addition, the Executive may serve on boards of directors and similar governing bodies, and committees thereof, subject to the approval of the Board, which approval shall not be unreasonably withheld, and subject to Section 8 hereof. Notwithstanding the foregoing, the Executive may continue to serve on those boards and committees on which the Executive was serving at the time of the Closing, which boards and committees are listed on Schedule 1(A) of this Agreement.

4. Compensation and Benefits. As compensation for all services performed by the Executive during the term hereof:

a. Base Salary. During the term hereof, the Company shall pay the Executive a base salary at the rate per annum as set forth on Schedule 1(B) of this Agreement, payable in accordance with the regular payroll practices of the Company for its executives and subject to increase from time to time by the Board (or its compensation committee). The Executive's base salary may only be decreased with the approval of Mark S. Casady and then only in an across-the-board salary reduction in which all executives and other employees are subject to an equal percentage reduction. The Executive's base salary, as from time to time increased or decreased in accordance with Agreement, is hereafter referred to as the "Base Salary."

b. Bonus Compensation.

i. The Executive shall be eligible to receive a full bonus, without proration, for calendar year 2005, determined in accordance with the Company's employee cash bonus plan as in effect immediately prior to the Closing, as set forth in Schedule 1(C) hereto.

ii. Each calendar year thereafter during the term hereof, the Executive shall be eligible to participate in the cash bonus plan in effect for employees of the Company generally, under which, subject to the next sentence, the plan elements described in clauses (A) and (C) below shall be not be decreased from those applicable to the Executive under the bonus plan in effect immediately prior to the Closing, and the plan element described in clause (B) below shall be substantially consistent with past practice: (A) the target bonus, (B) the level of performance required to reach target and (C) the opportunity to earn bonus compensation in excess of target, with respect to clauses (A) and (C) as set forth on Schedule 1(D) hereto. Neither the Executive's target bonus nor the opportunity to earn bonus compensation in excess of target may be subject to an adverse change and the level of performance required to reach target may not be materially adversely changed except with the approval of Mark S. Casady and then only in an across-the-board change which affects equally all employees participating in the bonus plan. Such cash bonus shall be in addition to the Base Salary. The Executive's target bonus under the executive cash bonus plan is referred to hereafter as the "Target Bonus." In clarification of the foregoing, the actual bonus earned by the

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Executive for any given calendar year, may be below, at or above the Target Bonus, based on actual performance. Subject to any effective deferral election made available and elected by the Executive, each bonus earned by the Executive hereunder shall be paid no later than March 15 of the calendar year following the end of the calendar year for which the bonus was earned.

c. Stock Option Grants. Pursuant to the following terms and conditions, the Executive shall be eligible to participate in Holdings' stock option plan and Holdings agrees as follows:

i. Holdings shall establish a stock option plan ("Stock Option Plan") providing for grants of options (the "Stock Options") to purchase the common stock of BD Investment Holdings Inc., par value $0.01 (the "Buyer Common Stock") in amounts not less than (i) 2% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2008 and January 1, 2009 and (ii) 2.5% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive, selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2010 and January 1, 2011.

ii. Beginning in January 2008, each annual Stock Option grant shall be made between the first and fifteenth business day of the year, unless the CEO, in his sole discretion, shall agree with the Board to a later date during such year (the "Default Date"). If the Board does not approve Stock Option grants in the amounts set forth in Section 4(c)(i) by the Default Date, then Stock Options in such amounts shall be granted pro-rata to existing option holders and employee stockholders as of such date of grant, except that the CEO's share of such Stock Option grants shall be reduced by 75% and the other four most highly compensated executives' share of such Stock Option grants shall be reduced by 50%.

iii. The per share exercise price of each Stock Option shall be equal to the Fair Market Value of a share of Buyer Common Stock on the date of grant. Each Stock Option granted shall vest in five equal tranches on each of the first five anniversaries of the date of grant subject to the option holder's continued employment as of each such vesting date; provided, however, that all Stock Options shall automatically vest in full upon a "change in control" (as defined in the Option Plan, it being understood that an IPO shall in no event constitute a change in control). Notwithstanding any provision of this Agreement to the contrary, following an IPO, no additional Stock Options shall be granted pursuant to the Stock Option Plan.

iv. Upon termination of his employment, the portion of any Stock Option granted to the Executive which has not yet vested shall terminate. In the event the Executive's employment terminates for any reason other than for Cause, the Executive may exercise any vested portion of any Stock Option held by him on the date of termination provided that he does so prior to the earlier of (A) ninety (90) days following termination of employment and (B) the expiration of the scheduled term of the Stock Option. Notwithstanding the foregoing, if the Executive's employment is terminated due to death or disability (as defined in Section 5(b)), then the Executive or, as applicable in the event of death, his beneficiary or estate, may

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exercise any vested portion of any Stock Option held by the Executive on the date employment terminates for the shorter of (A) the period of twelve (12) months following the termination date and, (B) with respect to each Stock Option individually, the expiration of the scheduled term of such Stock Option. Upon a termination of the Executive's employment by the Company for Cause, all Stock Options shall be forfeited immediately.

v. Holdings, the Company and the Executive agree to cooperate to structure the Stock Option Plan so as to minimize or avoid additional taxes and interest that would otherwise be imposed on the Executive with respect to options granted under the Stock Option Plan pursuant to Section 409A of the Internal Revenue Code as amended (the "Code"); provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for such purpose.

d. Vacations. During the term hereof, the Executive shall be eligible for the number of weeks of vacation per year set forth on Schedule 1(E) to this Agreement, subject to the vacation policies of the Company generally applicable to its executives, as in effect from time to time, provided that the Executive shall not be barred from taking up to the maximum number of weeks of vacation in any given year solely by reason of the Executive's failure to work for a specified period of time during such year prior to the time of such vacation.

e. Other Benefits. During the term hereof, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for executives and/or employees of the Company generally, provided that the Executive shall receive benefits pursuant to plans, programs and policies (other than any equity-based compensation plan or program) that are comparable, and no less favorable in the aggregate, to those benefits offered to him immediately prior to the Closing.

f. Business Expenses. During the term hereof, the Company shall pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as the Company may require and otherwise consistent with the Company's policies generally applicable to its executives, as in effect from time to time.

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term hereof under the following circumstances:

a. Termination due to Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to his estate, "Final Compensation" which shall include all of the following: (i) the Base Salary earned but not paid through the date of termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) payment of any annual bonus earned but not paid for the year preceding that in which the date of termination occurs, (iv) reimbursement for any business expenses incurred by the Executive and reimbursable pursuant to Section 4(f) hereof but un-reimbursed on the date of termination (clauses (i), (ii), (iii) and (iv), collectively, the "Termination Entitlements"); (v) a

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bonus for the year in which the date of termination occurs determined by multiplying the Target Bonus for that year by a fraction, the numerator of which is the number of days the Executive was employed during the year in which the date of termination occurs, through the date of termination, and the denominator

of which is 365, (vi) a single lump-sum payment equal to the premium (including the additional amount (if any) charged for administrative costs as permitted by the Federal law known as "COBRA") of continued health and dental plan participation under COBRA for the Executive (in the event of a termination other than as a result of death) and for the Executive's qualified beneficiaries (as that term is defined under COBRA) for the one (1) year period immediately following the date of termination and, and the Company shall have no further obligation to the Executive hereunder, other than (A) obligations due to the Executive as of the date of termination but not yet satisfied, such as, by way of example but not limitation, an uncorrected error in Base Salary or an outstanding claim under one of the welfare plans or an uncorrected error in the Executive's retirement plan account, and (B) obligations which, whether or not due to the Executive as of the date of termination, survive termination, such as, by way of example but not limitation, rights to exercise vested stock options (all of the foregoing, under clauses (A) and (B) hereof, the "Surviving Company Obligations").

b. Termination due to Disability. The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of his duties and responsibilities hereunder, notwithstanding the provision of any reasonable accommodation, for any period of six (6) consecutive months. During any period in which the Executive is disabled but prior to the Executive's date of termination, the Executive shall continue to receive all compensation and benefits under Section 4 hereof while his employment continues. If any question shall arise as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of his duties and responsibilities hereunder, the Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Executive has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. In the event of termination by the Company due to the Executive's disability, the Company shall provide the Executive with the Final Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

c. Retirement. The Executive may elect to retire voluntarily on thirty (30) days' notice to the Company, provided that the Executive is then at least 65 years of age. In such event, the Company shall pay to the Executive the Final Compensation (other than the benefits under clause (v) of the definition thereof (the "Accrued Compensation")) and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

d. Termination by the Company for Cause. The Company may terminate the Executive's employment at any time for "Cause," which shall mean only (i) the intentional failure to perform (excluding by reason of disability) or gross negligence or willful misconduct in the performance of regular duties or other breach of fiduciary duty or material breach of this

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Agreement which remains uncured after thirty (30) days' notice specifying in reasonable detail the nature of the failure, negligence, misconduct or breach and what is required of the Executive to cure, (ii) conviction or plea of *nolo contendere* to a felony or (iii) fraud or embezzlement or other dishonesty which has a material adverse effect on the Company. Before terminating the Executive for Cause, (A) at least two-thirds (2/3) of the members of the Board (excluding the Executive, if a Board member) must conclude in good faith that, in their view, one of the events described in subsection (i), (ii) or (iii) above has occurred and (B) such Board determination must be made at a duly convened meeting of the Board (X) of which the Executive received written notice at least ten (10) days in advance, which notice shall have set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Company's belief that one of the events described in subsection (i), (ii) or (iii) above occurred and, in the case of an event under subsection (i), remains uncured at the expiration of the notice period, and (Y) at which the Executive had a reasonable opportunity to make a statement and answer the allegations against the Executive. In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive the Termination Entitlements and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. The parties acknowledge and agree that this definition of "Cause" shall be applicable and controlling with respect to the option agreements executed by the Executive under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options, pursuant to the terms of Section 14 of each such option agreement.

e. Termination by the Company other than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon ten (10) days notice to the Executive. Termination by the Company on or following expiration of the term hereof (other than a termination due to the Executive's death or disability or under circumstances that would constitute "Cause" if this Agreement were still in effect) will be treated as a termination other than for Cause under this Section 5(e). In the event of termination under this Section 5(e), the Executive shall be entitled to receive (i) the Accrued Compensation, and, (ii) subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, (x) an amount equal to the applicable Severance Multiplier multiplied by the sum of the Executive's Base Salary and Target Bonus for the year in which the date of termination occurs (or if no such Target Bonus has been established for the Executive for the year in which the date of termination occurs, the Target Bonus for the year immediately preceding the year in which the date of termination occurs) and (y) for two years following the date of termination, continued participation of the Executive and his qualified beneficiaries, as applicable, under the Company's group life, health, dental and vision plans in which the Executive was participating immediately prior to the date of termination, subject to any premium contributions required of the Executive at the rate in effect on the date of termination of his employment and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. For purpose of this Agreement, the "Severance Multiplier" shall be (A) two (2) in the event of termination under Section 5(e) or Section 5(f) (other than due to Good Reason resulting solely from notice of non-renewal of the term of this Agreement), in each case, prior to the expiration of the Initial Term; (B) one and one half (1.5) in the event of a termination under Section 5(e) or Section 5(f), in each case, on or following the expiration of the Initial Term; (C) one and one half (1.5) in the event of a termination at any time during the term of this Agreement for Good Reason resulting solely from the provision by the Company of notice of non-renewal of the term of this Agreement; and (D) one (1) in the event of a termination of the Executive under Section

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5(g) and pursuant to which the Company makes the election under Section 8(b) hereof. Any payments due under Section 5(e), Section 5(f), Section 5(g) or Section 8(b), as applicable, shall be payable in equal monthly installments over the number of years and/or portions thereof equal to the applicable Severance Multiplier, and, subject to Section 5(h), shall begin at the Company's next regular payday following the effective date of termination.

f. Termination by the Executive for Good Reason. The Executive may terminate his employment hereunder for Good Reason and, in that event, subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder and the Company shall have no

further obligation to the Executive hereunder, other than the Surviving Company Obligations. "Good Reason" shall mean only (A) the occurrence, without the Executive's express written consent (which may be withheld for any or no reason) of any of the events or conditions described in the following subsections (i) through (viii), provided that, except with respect to the event described in subsection (viii), the Executive gives written notice to the Company of the occurrence of Good Reason within ninety (90) days following the date on which the Executive first knew or reasonably should have known of such occurrence and the Company shall not have fully corrected the situation within thirty (30) days following such notice or (B) termination (for any or no reason) by written notice from the Executive given within the thirty day period immediately following the twelve month anniversary of a Change of Control occurring after the effective date of this Agreement. The following occurrences shall constitute Good Reason for purposes of clause (A) of this Section 5(f): (i) a reduction in the Executive's Base Salary (other than as expressly permitted under Section 4(a) hereof); (ii) an adverse change in the Executive's bonus opportunity through reduction of the Target Bonus or the maximum available bonus or a material adverse change in the goals or level of performance required to achieve the Target Bonus (other than as expressly permitted under Section 4(b) hereof); (iii) a failure by the Company to pay or provide to the Executive any compensation or benefits to which the Executive is entitled hereunder, (iv) (A) a material adverse change in the Executive's status, positions, titles, offices, duties and responsibilities, authorities or reporting relationship from those in effect immediately before such change; (B) the assignment to the Executive of any duties or responsibilities that are substantially inconsistent with the Executive's status, positions, titles, offices or responsibilities as in effect immediately before such assignment; or (C) any removal of the Executive from or failure to reappoint or reelect the Executive to any of such positions, titles or offices; provided that termination of the Executive's employment by the Company for Cause, by the Executive other than for Good Reason pursuant to Section 5(g) hereof, or a termination as a result of the Executive's death or disability shall not be deemed to constitute or result in Good Reason under this subsection (iv); (v) (A) if the Executive was based at the Company's headquarter offices in Boston, Massachusetts as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location, other than the Company's Boston headquarter offices;, (B) if the Executive was based at the Company's headquarter offices in San Diego, California as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than. twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's San Diego headquarter offices; or (C) if the Executive was not based at the

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Company's headquarter offices in San Diego, the Company's requiring the Executive to be based at any location which results in the Executive's regular commuting distance being twenty-five (25) or more miles greater than the Executive's regular commuting distance immediately prior to such relocation; provided that in all such cases the Company may require the Executive to travel on Company business including being temporarily based at other Company locations as long as such travel is reasonable and is not materially greater or different than the Executive's travel requirements before the Closing; (vi) any material breach by the Company of this Agreement, the Stockholders' Agreement, dated as of the Closing, by and among the Company, BD Investment Holdings Inc and the stockholder signatories thereto (the "Stockholders' Agreement"), the Indemnification Agreement, dated as of the Closing, by and among the Executive and the Company (the "Indemnification Agreement"), any option agreements entered into by and between the Company and/or Holdings and the Executive; (vii) the failure by the Company to obtain, before completion of a Change in Control, an agreement in writing from any successor or assign to assume and fully perform under this Agreement; or (viii) the provision of notice by the Company of non-renewal of this Agreement.

g. By the Executive Other than for Good Reason. The Executive may terminate his employment hereunder at any time upon thirty (30) days' notice to the Company. In the event of termination by the Executive pursuant to this Section 5(g), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive his Base Salary and prorated Target Bonus for the notice period (or for any remaining portion of the period). The Company shall also provide the Employee the Accrued Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. At the election of the Company, in accordance with and subject to the provisions of Section 8(b) hereof and subject to the Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, the Executive shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder, but with a Severance Multiplier of one (1).

h. Timing of Payments. In the event that at the time the Executive employment terminates the Company's shares are publicly traded (as defined in Section 409A of the Code) or the limitation on payments or provision of benefits imposed by Section 409A(a)(2)(B) would otherwise be applicable, any amounts payable or benefits provided under Section 5 that would have been payable during the six (6) months following the date of termination of employment with the Company and would otherwise be considered deferred compensation subject to the additional twenty percent (20%) tax imposed by Section 409A if paid within such six (6) month period shall be paid, in a lump sum on the business day after the date that is the earlier of (x) six (6) months following the date of termination, or (y) at such time as otherwise permitted by law that would not result in such additional taxation and penalties under Section 409A; provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for any tax imposed under Section 409A.

i. No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any cash payment or the value of any benefit provided for in this Agreement by seeking other employment, by seeking benefits from another employer or other source, or by

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pursuing any other type of mitigation. No payment or benefit provided for in this Agreement shall be offset or reduced by the amount of any cash compensation or the value of any benefit provided to the Executive in any subsequent employment or from any other source. Notwithstanding the foregoing, if the Executive begins to participate in the group health plan of another employer which provides benefits substantially similar to those provided by the Company pursuant to this Section 5, then the Executive shall promptly notify the Company and the Company may discontinue the health plan participation being provided the Executive pursuant to this Section 5.

6. Confidential Information.

a. The Executive acknowledges that the Company continually develops Confidential Information (as defined in Section 12); that the Executive may develop Confidential Information for the Company; and that the Executive may learn of Confidential Information during the course of employment. The Executive shall not disclose to any Person or use, other than as required by applicable law or for the performance of his duties and responsibilities to the Company, any Confidential Information obtained by the Executive incident to his employment with the Company. The Executive understands that this restriction shall continue to apply after his employment terminates, regardless of the reason for such termination.

b. All documents, records, tapes and other media of every kind and description containing Confidential Information, and all copies, (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company. The Executive shall return to the Company no later than the time his employment terminates all Documents then in the Executive's possession or control.

7. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property (as defined in Section 12) to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Executive creates in the performance of his duties hereunder shall be considered "work made for hire."

8. Restricted Activities.

a. While the Executive is employed by the Company and, except as otherwise provided in Section 8(b) or 8(c) below, for the period of two (2) years following the termination of the Executive's employment for any reason (including retirement) or, in the event of a termination for which the Executive is entitled to severance pay calculated with a Severance Multiplier of 1.5, for a period of eighteen (18) months following such termination, (as applicable, the "Non-Competition Period"), subject to the Company's compliance with the post-employment terms of this Agreement, the Executive will not engage or participate in, directly or indirectly,

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alone or as principal, agent, employee, employer, consultant, investor or partner of, or assist in the management of, or provide advisory or other services to, or own any stock or any other ownership interest in, or make any financial investment in, any business or entity which is Competitive with the Company (as defined below); *provided*, *however*, that it shall not be a violation of the foregoing (i) for the Executive to own not more than two percent (2%) of the outstanding securities of any class of securities listed on a national exchange or inter-dealer quotation system or (ii) following termination of the Executive's employment with the Company, for the Executive to provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is Competitive with the Company if the Executive is not employed in such line of business or division or by such subsidiary or other affiliate and is not involved, directly or indirectly, in the management, supervision or operations of such line of business, division, subsidiary or affiliate that is Competitive with the Company. For purposes of this Agreement, a business or entity shall be considered "Competitive with the Company" if such business or entity provides or is engaged in, at any time during the Non-Competition Period (A) asset management, brokerage, investment advisory and insurance services, including services related to financial advisors for open end and closed end public mutual funds, or (B) any other businesses in which the Company and its subsidiaries were engaged, or any material products and/or services that the Company or its subsidiaries were actively developing or designing, in each case under this clause (B) as of the date the Executive's employment with the Company terminated, provided that, prior to such termination, the Executive knew of such other business or such material product or such service under active development or design. In addition, during the Non-Competition Period, the Executive will not (other than when acting on behalf of the Company during the Executive's employment) (i) solicit, or attempt to solicit, any existing or prospective customers, targets, suppliers, financial advisors, officers or employees of the Company or any of its subsidiaries to terminate their relationship with the Company or any of its subsidiaries or (ii) divert, or attempt to divert, from the Company or any of its subsidiaries any of its customers, prospective customers, targets, suppliers, financial advisors, officers or employees or (iii) hire or engage or otherwise contract with, or attempt to hire or engage or otherwise contract with, any officers, employees or financial advisors of the Company, whether to be an employee, officer, agent, consultant or independent contractor; *provided*, *however*, that nothing in this Section 8(a) shall be deemed to prohibit the Executive from soliciting a customer, prospective customer, target or supplier of the Company or any of its subsidiaries during the Non-Competition Period if such action relates solely to a business which is not Competitive with the Company. A customer, prospective customer, target, supplier, financial advisor, officer or employee of the Company or any of its subsidiaries is any one who was such within the preceding twelve months, excluding, however, any prospective customer or target which was solicited solely by mass mailing or general advertisement during that period and any officer, employee or financial advisor whose relationship with the Company was terminated by the Company or any of its subsidiaries other than for circumstances that would constitute "cause" (within the meaning of any such definition applicable to such officer, employee or financial advisor, or, if no such definition is applicable, "cause" as defined in Section 14 of the form of option agreements under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options) and provided further, with respect to the Company's subsidiaries, that the Executive during his employment with the Company was introduced to, or otherwise knew of or should have known of the relationship of,

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such customer, prospective customer, target, supplier, financial advisor or employee to the subsidiary.

b. Notwithstanding anything herein to the contrary, in the event that the Executive terminates his employment hereunder without Good Reason, the Executive shall, at the Company's election, which election shall be provided to the Executive prior to the date of termination, (1) receive the payments and benefits specified in Section 5(e) with a Severance Multiplier of one (1) and be subject to a Non-Competition Period which shall continue for two (2) years following the date of termination of the Executive's employment or (2) receive no payments and benefits specified in Section 5(e) and be subject to a Non-Competition Period which shall continue for one (1) year following the date of termination of the Executive's employment.

c. The Executive may seek a waiver from the Company of his obligations pursuant to this Section 8, which waiver shall not be unreasonably withheld or delayed. As of the date of the grant of such waiver by the Company, all payments and benefits under the applicable provision of Section 5 shall cease (other than the payment of Final Compensation, excluding the payments and benefits under clause (v) of the definition thereof which shall cease or be reimbursed by the Executive on a pro-rata basis for the waived time period of the one (1) year Non-Competition Period, as applicable) or Accrued Compensation, as applicable).

9. Reasonableness; Enforcement. The Company and the Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6, 7 and 8 (the "Covenants") have been specifically negotiated by sophisticated parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Company, (iii) impose no undue hardship, (iv) are not injurious to the public, and (v) are essential to protect the business and goodwill of the Company and its affiliates and are a material term of this Agreement which has induced the Company to agree to provide for the payments and benefits described in this Agreement and induced Holdings to enter into the Merger Agreement. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Company and Holdings irreparable

harm, which cannot be adequately compensated by money damages. The Executive and the Company agree that, in the event of an actual or threatened breach of Section 8, the Company shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have at law or equity, including money damages.

10. Survival. Provisions of this Agreement shall survive any termination if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under Sections 6, 7, 8 and 9 hereof and the obligations of the Company pursuant to Section 5 hereof.

11. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any

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court order or other legal obligation that would affect the performance of his obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

a. "Change in Control" means the consummation, after the date of Closing, of (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, transaction or transfer of securities of the Company by its stockholders, or series of related transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own, directly or indirectly, capital stock either (A) representing directly or indirectly through one or more entities, less than fifty percent (50%) of the equity economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (B) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors or other similar governing body of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (ii) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its "affiliates" or "associates" (as such terms are defined in the Exchange Act Rules) or any "group" (as defined in the Exchange Act Rules) other than, in each case, the Company or an Affiliate of the Company immediately following the Closing, or (iii) a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a "Business Combination"), provided that, notwithstanding the foregoing, the following transactions shall in no event constitute a Change in Control: (A) a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction or (B) an IPO.

b. "Confidential Information" means any confidential proprietary information relating to the business of the Company or its affiliates or their respective customers or clients which has an economic value to the Company or its affiliates. Confidential Information does not include any information that enters the public domain other than through a breach by the Executive of his duties to the Company hereunder or which is obtained by the Executive from a third party which has no obligation of confidentiality to the Company.

c. "Fair Market Value" means, as of any date, the Board of Directors' good faith determination of the fair market value, taking into an account the most recent annual valuation (which shall be required to be conducted by an independent appraiser at least annually) and updated by the Company in good faith for the most recently ended quarter.

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d. "Initial Public Offering" or "IPO" means the initial offering of stock to the public by the Company or stockholders of the Company or Holdings requiring registration under the Securities Act.

e. "Intellectual Property" means any invention, formula, process, discovery, development, design, innovation or improvement (whether or not patentable or registrable under copyright statutes) made, conceived, or first actually reduced to practice by the Executive solely or jointly with others, during his employment by the Company; provided, however, that, as used in this Agreement, the term "Intellectual Property" shall not apply to any invention that the Executive develops on his own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Executive for the Company.

f. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its subsidiaries.

13. Withholding. All payments or other benefits, to the extent required by law, made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

14. Legal Fees. The Company shall at its election either pay directly the joint legal expenses incurred by the Executive and the other executives of the Company with whom the Company is entering into employment agreements effective as of the Closing in the negotiation and preparation of their employment agreements or reimburse the Executive for his portion of such joint legal expenses. In addition, all reasonable costs and expenses that are reasonably documented (including court and arbitration costs and reasonable legal fees and expenses that reflect common practice with respect to the matters involved) incurred by the Executive as a result of any claim, action or proceeding arising out of this Agreement or the contesting, disputing or enforcing of any provision, right or obligation under this Agreement shall be paid, or reimbursed to the Executive, if, in the final resolution of the dispute, the Executive either recovers material monetary damages (in cash or in kind, such as benefits) or is the prevailing party on a material non-monetary claim (such as a dispute regarding a restrictive covenant).

15. Dispute Resolution.

a. Except as provided in Section 9, any dispute, controversy or claim between the parties arising out of this Agreement or the Executive's employment with the Company or termination of employment shall be settled by arbitration conducted in the city in which the Executive is located administered by the American Arbitration Association under its Employment Dispute Resolution Rules then in effect (except as modified by b. below).

b. In the event that a party requests arbitration (the "Requesting Party"), it shall serve upon the other party (the "Non-Requesting Party"), within one hundred and eighty (180) days of the date the Requesting Party knew, or reasonably should have known, of the facts

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on which the controversy, dispute or claim is based, a written demand for arbitration stating the substance of the controversy, dispute or claim, the contention of the party requesting arbitration and the name and address of the arbitrator appointed by it. The Non-Requesting Party, within sixty (60) days of such demand, shall accept the arbitrator or appoint a second arbitrator and notify the other party of the name and address of this second arbitrator so selected, in which case the two arbitrators shall appoint a third who shall be the sole arbitrator to hear the case. In the event that the two arbitrators fail in any instance to appoint a third arbitrator within thirty (30) days of the appointment of the second arbitrator, either arbitrator or any party to the arbitration may apply to the American Arbitration Association for appointment of the third arbitrator in accordance with the Rules, which arbitrator shall be the sole arbitrator to hear the case. Should the Non-Requesting Party (upon whom a demand for arbitration has been served) fail or refuse to accept the arbitrator appointed by the other party or to appoint an arbitrator within sixty (60) days, the single arbitrator shall have the right to decide alone, and such arbitrator's decision or award shall be final and binding upon the parties.

c. The decision of the arbitrator shall be in writing; shall set forth the basis for the decision; and shall be rendered within thirty (30) days following the hearing. The decision of the arbitrator shall be final and binding upon the parties and may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought.

16. No Withholding of Undisputed Payments. During the pendency of any dispute or controversy, the Company shall not withhold any payments or benefits due to the Executive, whether under this Agreement or otherwise, except for the specific portion of any payment or benefit that is the subject of a bona fide dispute between the parties.

17. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

18. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

20. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in

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person or the next business day following consignment for overnight delivery to a reputable national overnight courier service or five business days following deposit in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at his last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chairman of the Board, or to such other address as a party may specify by notice to the other actually received. Copies of any notices, requests, demands and other communication to the Company by the Executive shall be sent by the to the Investors at the following address: c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, Attn: Richard Schifter (Fax: 415-743-1501) and c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, Attn: Jeffrey Goldstein (Fax: 415-835-5408).

21. Entire Agreement. This Agreement and the Indemnification Agreement constitute the entire agreement between the parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment including without limitation the Management Arrangements — Summary of Key Terms.

22. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an authorized representative of the Company subject to prior approval by the Board.

23. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

25. Governing Law. This is a Massachusetts contract and shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

By: /s/ C. William Maher
Name: C. William Maher

THE COMPANY

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

In addition, BD Investment Holdings Inc. agrees to be bound by the terms of Section 4(c) of the Employment Agreement which is expressly applicable to BD Investment Holdings Inc.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: /s/ Allen R. Thorpe
Title:

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of December 28, 2005 (the "Closing Date"), by and between each of BD Investment Holdings Inc. ("Holdings"), LPL Holdings, Inc., a Massachusetts corporation ("LPL", and together with Holdings, each a "Company"), and C. William Maher (the "Indemnitee"), an officer and/or director of a Company.

RECITALS

WHEREAS, although the Restated Articles of Organization and the By-laws of LPL provide for indemnification of the officers and directors of LPL and the Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act, the Massachusetts Business Corporation Act expressly contemplates that contracts may be entered into between LPL and officers of LPL and/or members of the Board of Directors of LPL with respect to indemnification of officers and directors; and

WHEREAS, the Indemnitee's continued service to each Company substantially benefits the Companies; and

WHEREAS, each of the Boards of Directors of LPL and Holdings has determined that it is in the best interest of the Companies and that it is reasonably prudent and necessary for each Company contractually to obligate itself to indemnify, and to pay, on a current basis, expenses in advance of a final disposition of any Proceeding on behalf of the Indemnitee to the fullest extent permitted by applicable law in order to induce the Indemnitee to serve or continue to serve the Companies free from undue concern that the Indemnitee will not be so indemnified or that any indemnification obligation will not be met; and

WHEREAS, this Agreement is a supplement to and in furtherance of (a) the Restated Articles of Organization and Bylaws of LPL, and (b) the certificate and bylaws or partnership agreement, as the case may be, of Holdings and any Enterprise (as defined below) and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of the Indemnitee thereunder; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Companies and certain other Enterprises on the condition that the Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, each Company and the Indemnitee do hereby covenant and agree as follows:

1. *Definitions*. For purposes of this Agreement, the following terms shall have the meanings hereafter assigned to them:

(a) "Corporate Status" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or of any other Enterprise.

(b) A "Disinterested Director" shall mean a director of the applicable Company who, at the time of a vote referred to in the definition of Reviewing Party is not (i) the Indemnitee, (ii) a Party to (or a participant in) the Proceeding for which indemnification is sought or (iii) an individual having a familial, financial, professional or employment relationship with the Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on such director's judgment when voting on the decision being made.

(c) "Enterprise" shall mean (i) the Companies and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an Affiliate or wholly or partially owned subsidiary of the Companies and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving at the request of a Company. For purposes of this Agreement, a director or officer will be considered to be serving on an employee benefit plan at a Company's request if the individual's duties to such Company also impose duties on, or otherwise involve services by, the individual to the plan.

(d) "Expenses" shall mean all reasonable expenses, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses shall include such fees and expenses, and costs incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

(e) "Fines" shall mean any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of a Company" shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or an Enterprise which imposes duties on, or involves services by, such director, trustee, general partner, managing member, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Companies" as referred to in this Agreement.

(f) An "Indemnifiable Event" shall mean any Proceeding in which the Indemnitee was, is or will be involved as a Party or otherwise by reason of the fact that the Indemnitee is or was an officer or director of any of the Companies or the Enterprises, by reason of any acts or omissions on his part while acting as an officer or director of such Company, or by reason of the fact that he is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any Expense, judgment, fine or amount paid in settlement

is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(g) An "Indemnitee Statement" shall mean a written demand by the Indemnitee to a Company for a payment pursuant to Section 2(b) of this Agreement, accompanied by a written statement, dated the date of such statement, from the Indemnitee to a Company in which the Indemnitee (i) affirms, with respect to the applicable Indemnifiable Event, the Indemnitee's good faith belief that the Indemnitee has met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act or that the Proceeding involves conduct for which liability has been eliminated under such Company's articles of organization or bylaws and (ii) undertakes to repay any funds paid in advance of a final disposition of a Proceeding (or funds paid directly by a Company advance of a final disposition of a Proceeding) if, with respect to the applicable Indemnifiable Event, the Indemnitee is not entitled to indemnification under applicable law as ultimately determined by a court of competent jurisdiction or by the Reviewing Party that the Indemnitee has not met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(h) An "IPO" shall mean an underwritten initial public offering or public offering of shares of BD Investment Holdings Inc. pursuant to a registration statement under the Securities Act of 1933, as amended, or any successor federal statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

(i) A "Liability" shall mean an obligation to pay a judgment, settlement, penalty, and/or Fine (including an excise tax assessed with respect to an employee benefit plan) in connection with an Indemnifiable Event and any Expenses incurred in connection with an Indemnifiable Event.

(j) A "Party" shall mean an individual who was, is, or is threatened to be made, a defendant or respondent in a Proceeding. The Indemnitee shall be considered a "Party" in a Proceeding in which the Indemnitee seeks a declaratory judgment with respect to matters related to an Indemnifiable Event. In addition, the Indemnitee shall be considered a Party for all aspects of an Indemnifiable Event even though the Indemnitee asserts counter-claims or cross-claims.

(k) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than a Company or any of its subsidiaries.

(l) A "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of a Company or otherwise, whether informal or formal, and whether of a civil, criminal, administrative or investigative nature, including, without limitation, any such proceeding pending as of the date of this Agreement.

(m) The "Reviewing Party" in connection with an Indemnifiable Event shall be, as selected by the Indemnitee in his or her sole discretion:

(i) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, such Board of Directors acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(ii) a Special Legal Counsel nominated by the Indemnitee and selected by

(a) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, the Board of Directors of such Company acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(b) if there are fewer than two Disinterested Directors on the Board of Directors of the applicable Company, the full Board of Directors of the Company, with directors who do not qualify as Disinterested Directors eligible to vote; or

(iii) prior to an IPO, the shareholders of the applicable Company acting by the vote required for ordinary corporate actions, except that shares owned by or voted under the control of (A) a director of such Company who at the time does not qualify as a Disinterested Director or (B) the Indemnitee may not be voted on the determination.

(n) "Special Legal Counsel" shall mean, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and (b) is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Company or the Indemnitee in any matter material to either such party (other than as Special Legal Counsel), or (ii) any other Party to (or participant in) the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Special Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either of the Companies or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. Each Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

2. *Basic Arrangement*.

(a) In the event the Indemnitee is a Party in an Indemnifiable Event, subject only to limitations expressly imposed by the terms of this Agreement, each Company shall indemnify the Indemnitee for any associated Liabilities to the fullest extent permitted by law. Subject to Section 2(f) and in accordance with the procedures set forth in Section 3, any indemnification pursuant to this Section 2(a) must be determined by the Reviewing Party to be permissible under the Massachusetts Business Corporation Act in the specific Proceeding. Each Company shall make any such payment to which the Indemnitee is entitled pursuant to this

Section 2(a) as soon as practicable but in no event later than five (5) days after determination by the Reviewing Party.

(b) Notwithstanding anything to the contrary, before the final disposition of an Indemnifiable Event in which the Indemnitee is a Party, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expenses (an "Expense Advance") within ten (10) days after the receipt by a Company of a statement or statements requesting such advances from time to time, provided that the Indemnitee delivers an Indemnitee Statement. Such advances (i) shall he unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(c) Pursuant to Section 8.58(a) of the Massachusetts Business Corporation Act, this Agreement shall constitute authorization to provide indemnification, pay funds, on a current basis, and reimburse expenses under Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(d) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities in connection with an Indemnifiable Event or other any other Proceeding involving the Companies or Enterprises, in either case, in which the Indemnitee is a witness but not a Party. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(d) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(e) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities incurred by or on behalf of the Indemnitee (i) in taking any action to enforce any provision of this Agreement, including all Expenses incurred bringing a claim, counterclaim or cross claim in a legal proceeding, arbitration or otherwise to enforce this Agreement or any provisions of this Agreement or (ii) for recovery under any directors' and officers' liability insurance policy maintained by the Companies. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(e) within ten (10) days after receipt by

a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(f) Notwithstanding any other provisions of this Agreement, to the extent that the Indemnitee is a Party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding in connection with an Indemnifiable Event or in defense of any claim, issue or matter therein, in whole or in part, each Company shall be liable to indemnify the Indemnitee against all Liabilities incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, each Company shall be liable to indemnify Indemnitee against all Liabilities incurred by the Indemnitee or on the Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, each Company also shall be liable to indemnify the Indemnitee against all Expenses reasonably incurred in connection with any claim, issue or matter that is related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(g) For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(1) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that permits a corporation to indemnify its officers and directors, including, without limitation, the indemnification permitted by Section 8.56 for officers;

(2) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Massachusetts Business Corporation Act; and

(3) to the fullest extent authorized or permitted by any amendments to or replacements of the Massachusetts Business Corporation Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. *Procedure Upon Application for Indemnification.*

(a) In order to obtain indemnification under this Agreement, the Indemnitee shall, anytime following Indemnitee's submission of an Indemnitee Statement to a Company,

and consistent with the time period of this Agreement as set forth in Section 5 of this Agreement, submit to a Company a written request for indemnification pursuant to this Section 3(a). No determination of Indemnitee's entitlement to indemnification shall be made until such written request for a determination is submitted to a Company pursuant to this Section 3(a). The failure to submit a written request to a Company will relieve the Companies of their indemnification obligations under this Agreement only to the extent the Companies can establish that such failure to make a written request resulted in actual prejudice to it, and the failure to make a written request will not relieve the Companies from any liability which it may have to indemnify the Indemnitee otherwise than under this Agreement. The Companies shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors of the Companies in writing that the Indemnitee has requested indemnification.

(b) The Indemnitee shall cooperate with the Reviewing Party making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Reviewing Party upon request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Reviewing Party, as the case may be, making such determination shall be advanced and borne by the Companies (where the Indemnitee executes and delivers to the Company the Indemnitee Statement) irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Companies are liable to indemnify and hold the Indemnitee harmless therefrom.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted an Indemnitee Statement, and each Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any of the Companies (including by their Boards of Directors) or of Special Legal Counsel to have made a determination prior to the commencement of any judicial proceeding or arbitration pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by any of the Companies (including by their Boards of Directors) or by Special Legal Counsel that the Indemnitee has not met such applicable standard of conduct shall create a presumption that the Indemnitee has not met the applicable standard of conduct.

(d) If the Reviewing Party shall not have made a determination within sixty (60) days after receipt by a Company of the Indemnitee's written request for indemnification pursuant to Section 3(a) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a failure by the Indemnitee to comply with Section 3(b) hereof, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Special Legal Counsel making the determination with respect to

entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(e) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendero* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not meet any particular standard of conduct required pursuant to this Agreement.

(f) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action or failure to act is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 3(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(g) The knowledge and/or actions, or failure to act, of any other director, partner, managing member, officer, agent, employee or trustee of the Enterprise shall not be imputed to the Indemnitee for purposes of determining his right to indemnification under this Agreement.

4. *Remedies*.

(a) In the event that (i) a determination is made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) payment of Expenses, on a current basis, is not timely made pursuant to Section 2 of this Agreement, (iii) payment of Expenses is not made pursuant to Section 2 or the last sentence of Section 3(b) of this Agreement within ten (10) days after receipt by a Company of a written request therefor, (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) (iv) payment of indemnification pursuant to Section 2 of this Agreement is not made within ten (10) days after a determination has been made that the Indemnitee is entitled to indemnification, or (v) there is any breach of this Agreement, the Indemnitee shall be entitled to seek an adjudication by a court of competent jurisdiction as to his entitlement to such indemnification or payment of Expenses, on a current basis, Alternatively, under the circumstances in clauses (i) through (v), the Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Companies shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. If the Indemnitee has commenced adjudication or arbitration to secure a determination, with respect to an Indemnifiable Event, that the Indemnitee is entitled to indemnification under this Agreement, any determination made by the Reviewing Party that indemnification of the Indemnitee is not permissible under the Massachusetts Business Corporation Act with respect to such Indemnifiable Event shall not be binding, and (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) the Indemnitee shall not be required to

reimburse the Companies for any Expense Advance until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that indemnification is not legally permissible is made with respect to such matter.

(b) In the event that a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration, commenced pursuant to this Section 4, shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4, each Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is entitled to indemnification, the Companies shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that the Indemnitee is a Party to (or a participant in) a judicial proceeding or arbitration pursuant to this Section 4 concerning the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Companies, and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee (where, with respect to an Indemnifiable Event, the Indemnitee has executed and delivered to the Company the Indemnitee Statement) in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from each Company (who shall be liable therefor), and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Companies shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement.

5. *Duration of the Agreement*. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that the Indemnitee shall have ceased to serve as a director of any of the Companies or as a director, partner, managing member, officer, employee, agent or trustee of any other Enterprise; or (b) 1 year after the final termination (i) of any Proceeding (including any rights of appeal) then pending in respect of which the Indemnitee requests indemnification or advancement of Expenses hereunder and (ii) of any judicial proceeding or arbitration pursuant to Section 4 of this Agreement (including any rights of appeal) involving the Indemnitee. This Agreement shall be binding upon each Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his heirs, executors and administrators.

6. *Non-exclusivity, Etc.* The rights of indemnification and to receive payment of Expenses, on a current basis, as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Companies' or any other Enterprise's Articles of Organization, the Companies' or any other Enterprise's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of the Indemnitee under this Agreement in respect to any action taken or omitted by such Indemnitee in the Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Companies' or any other Enterprise's Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

7. *Liability Insurance*. To the extent that the Companies maintain an insurance policy or policies providing liability insurance for directors, partners, managing members, officers, employees, agents or trustees of the Companies or of any other Enterprise, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, partner, managing member, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2 hereof, the Companies have director and officer liability insurance in effect, the Companies shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Each Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Companies shall maintain an insurance policy or policies for directors, partners, managing members, officers, employees, agents or trustees of the Companies and of all Enterprises in an amount reasonably acceptable to the Chief Executive Officer of LPL.

8. *Amendments, Etc.* No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9. *Subrogation*. In the event of payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all such papers and do all such things as may be necessary or desirable to secure such rights.

10. *No Duplication of Payments*. The Companies shall not be liable under this Agreement to make any payment in connection with any Proceeding involving the Indemnitee to the extent the Indemnitee has otherwise received payment (under any insurance policy, the

Companies' articles of organization or by-laws or otherwise) of the amounts otherwise indemnifiable hereunder.

11. *Contribution*. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, each Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion in order to reflect (i) the relative benefits received by the Companies and the Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officer, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s).

12. *Binding Effect, Etc.* This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including, with respect to the Companies, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies, and including, with respect to the Indemnitee, the Indemnitee's estate, heirs and personal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer or director of the Companies or of any other Enterprise.

13. *Severability*. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

14. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to the Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as the Indemnitee shall provide in writing to the Company, with a copy to Julie Jones, Esq., Ropes & Gray LLP, One International Place, Boston, MA 02110.

(b) If to any of the Companies to: LPL Holdings, Inc., One Beacon Street, 22nd Floor, Boston, MA 02108, Attn: Secretary (or, if the Indemnitee is at such time the Secretary, to the President of the Company).

15. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to indemnification of the Indemnitee by the Companies for Indemnitee's service to the Companies, provided, however, that this Agreement shall in no way diminish rights of the Indemnitee that accrued prior to the date of this Agreement.

16. *Governing Law*. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of law.

17. *References*. References to statutes, regulations and documents shall be deemed to mean such statutes, regulations and documents as amended from time to time and any successor statutes, regulations and documents.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

INDEMNITEE

By: /s/ C. William Maher
Name: C. William Maher

Address: 15050 Saddlebrook Lane
Povay, CA 92064

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LPL HOLDINGS, INC.

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into this 28th day of December, 2005, by and between William E. Dwyer III (the "Executive") and LPL Holdings, Inc. (the "Company") to be effective upon the Closing (as defined below).

WHEREAS, BD Investment Holdings Inc. ("Holdings"), BD Acquisition Inc. ("Merger Sub") and the Company have entered into an agreement captioned "Agreement and Plan of Merger," dated as of October 27, 2005 (the "Merger Agreement"), pursuant to which Merger Sub will be merged with and into the Company (the "Merger"); and

WHEREAS, in accordance with the foregoing, the Company and the Executive desire to enter into this Agreement to set forth the terms of the Executive's continued employment with the Company, effective as of the consummation of the Merger (the "Closing").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts the terms of continued employment with the Company.

2. Term. Subject to earlier termination as hereafter provided, the Executive's employment hereunder shall have an original term of three (3) years commencing on the date of the Closing (the "Initial Term") and shall automatically be renewed thereafter for successive terms of one year each, unless the Company provides notice to the Executive at least ninety (90) days prior to the expiration of the Initial Term or any renewal term that the Agreement is not to be renewed, in which event this Agreement and the Executive's employment hereunder shall terminate at the expiration of the then-current term. The term of this Agreement, as from time to time renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof." In the event that the Closing does not occur, this Agreement shall be void *ab initio* and of no force or effect.

3. Capacity and Performance.

a. During the term hereof, the Executive shall serve the Company as its Managing Director, National Sales, reporting to the Chief Executive Officer of the Company (the "CEO").

b. During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall have such duties, authority and responsibilities as are commensurate with his position and such other duties, consistent with his position, as may be designated from time to time by the Board of Directors of the Company (the "Board").

c. During the term hereof, the Executive shall devote his full business time and his best efforts to the discharge of his duties and responsibilities hereunder; *provided*,

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however, that, subject to Section 8 hereof, the foregoing shall not be construed to prevent the Executive from attending to personal investments and community and charitable service, provided that such activities do not unreasonably interfere with the performance of Executive's duties to the Company. In addition, the Executive may serve on boards of directors and similar governing bodies, and committees thereof, subject to the approval of the Board, which approval shall not be unreasonably withheld, and subject to Section 8 hereof. Notwithstanding the foregoing, the Executive may continue to serve on those boards and committees on which the Executive was serving at the time of the Closing, which boards and committees are listed on Schedule 1(A) of this Agreement.

4. Compensation and Benefits. As compensation for all services performed by the Executive during the term hereof:

a. Base Salary. During the term hereof, the Company shall pay the Executive a base salary at the rate per annum as set forth on Schedule 1(B) of this Agreement, payable in accordance with the regular payroll practices of the Company for its executives and subject to increase from time to time by the Board (or its compensation committee). The Executive's base salary may only be decreased with the approval of Mark S. Casady and then only in an across-the-board salary reduction in which all executives and other employees are subject to an equal percentage reduction. The Executive's base salary, as from time to time increased or decreased in accordance with Agreement, is hereafter referred to as the "Base Salary."

b. Bonus Compensation.

i. The Executive shall be eligible to receive a fall bonus, without pro-ration, for calendar year 2005, determined in accordance with the Company's employee cash bonus plan as in effect immediately prior to the Closing, as set forth in Schedule 1(C) hereto.

ii. Each calendar year thereafter during the term hereof, the Executive shall be eligible to participate in the cash bonus plan in effect for employees of the Company generally, under which, subject to the next sentence, the plan elements described in clauses (A) and (C) below shall be not be decreased from those applicable to the Executive under the bonus plan in effect immediately prior to the Closing, and the plan element described in clause (B) below shall be substantially consistent with past practice: (A) the target bonus, (B) the level of performance required to reach target and (C) the opportunity to earn bonus compensation in excess of target, with respect to clauses (A) and (C) as set forth on Schedule 1(D), hereto. Neither the Executive's target bonus nor the opportunity to earn bonus compensation in excess of target may be subject to an adverse change and the level of performance required to reach target may not be materially adversely changed except with the approval of Mark S. Casady and then only in an across-the-board change which affects equally all employees participating in the bonus plan. Such cash bonus shall be in addition to the Base Salary. The Executive's target bonus under the executive cash bonus plan is referred to hereafter as the "Target Bonus." In clarification of the foregoing, the actual bonus earned by the Executive for any given calendar year, may be below, at or above the Target Bonus, based on actual performance. Subject to any effective deferral election made available and elected by the Executive, each bonus earned by the

Executive hereunder shall be paid no later than March 15 of the calendar year following the end of the calendar year for which the bonus was earned.

c. Stock Option Grants. Pursuant to the following terms and conditions, the Executive shall be eligible to participate in Holdings' stock option plan and Holdings agrees as follows:

i. Holdings shall establish a stock option plan ("Stock Option Plan") providing for grants of options (the "Stock Options") to purchase the common stock of BD Investment Holdings Inc., par value $0.01 (the "Buyer Common Stock") in amounts not less than (1) 2% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2008 and January 1, 2009 and (ii) 2.5% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive, selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2010 and January 1, 2011.

ii. Beginning in January 2008, each annual Stock Option grant shall be made between the first and fifteenth business day of the year, unless the CEO, in his sole discretion, shall agree with the Board to a later date during such year (the "Default Date"). If the Board does not approve Stock Option grants in the amounts set forth in Section 4(c)(i) by the Default Date, then Stock Options in such amounts shall be granted pro-rata to existing option holders and employee stockholders as of such date of grant, except that the CEO's share of such Stock Option grants shall be reduced by 75% and the other four most highly compensated executives' share of such Stock Option grants shall be reduced by 50%.

iii. The per share exercise price of each Stock Option shall be equal to the Fair Market Value of a share of Buyer Common Stock on the date of grant. Each Stock Option granted shall vest in five equal tranches on each of the first five anniversaries of the date of grant subject to the option holder's continued employment as of each such vesting date; provided, however, that all Stock Options shall automatically vest in full upon a "change in control" (as defined in the Option Plan, it being understood that an IPO shall in no event constitute a change in control). Notwithstanding any provision of this Agreement to the contrary, following an IPO, no additional Stock Options shall be granted pursuant to the Stock Option Plan.

iv. Upon termination of his employment, the portion of any Stock Option granted to the Executive which has not yet vested shall terminate. In the event the Executive's employment terminates for any reason other than for Cause, the Executive may exercise any vested portion of any Stock Option held by him on the date of termination provided that he does so prior to the earlier of (A) ninety (90) days following termination of employment and (B) the expiration of the scheduled term of the Stock Option. Notwithstanding the foregoing, if the Executive's employment is terminated due to death or disability (as defined in Section 5(b)), then the Executive or, as applicable in the event of death, his beneficiary or estate,

may exercise any vested portion of any Stock Option held by the Executive on the date employment terminates for the shorter of (A) the period of twelve (12) months following the termination date and, (B) with respect to each Stock Option individually, the expiration of the scheduled term of such Stock Option. Upon a termination of the Executive's employment by the Company for Cause, all Stock Options shall be forfeited immediately.

v. Holdings, the Company and the Executive agree to cooperate to structure the Stock Option Plan so as to minimize or avoid additional taxes and interest that would otherwise be imposed on the Executive with respect to options granted under the Stock Option Plan pursuant to Section 409A of the Internal Revenue Code as amended (the "Code"); provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for such purpose.

d. Vacations. During the term hereof, the Executive shall be eligible for the number of weeks of vacation per year set forth on Schedule 1(E) to this Agreement, subject to the vacation policies of the Company generally applicable to its executives, as in effect from time to time, provided that the Executive shall not be barred from taking up to the maximum number of weeks of vacation in any given year solely by reason of the Executive's failure to work for a specified period of time during such year prior to the time of such vacation.

e. Other Benefits. During the term hereof, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for executives and/or employees of the Company generally, provided that the Executive shall receive benefits pursuant to plans, programs and policies (other than any equity-based compensation plan or program) that are comparable, and no less favorable in the aggregate, to those benefits offered to him immediately prior to the Closing.

f. Business Expenses. During the term hereof, the Company shall pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as the Company may require and otherwise consistent with the Company's policies generally applicable to its executives, as in effect from time to time.

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term hereof under the following circumstances:

a. Termination due to Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to his estate, "Final Compensation" which shall include all of the following: (i) the Base Salary earned but not paid through the date of termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) payment of any annual bonus earned but not paid for the year preceding that in which the date of termination occurs, (iv) reimbursement for any business expenses incurred by the Executive and reimbursable pursuant to Section 4(f) hereof but un-reimbursed on the date of termination (clauses (i), (ii), (iii) and (iv), collectively, the "Termination Entitlements"); (v) a

bonus for the year in which the date of termination occurs determined by multiplying the Target Bonus for that year by a fraction, the numerator of which is the number of days the Executive was employed during the year in which the date of termination occurs, through the date of termination, and the denominator of which is 365, (vi) a single lump-sum payment equal to the premium (including the additional amount (if any) charged for administrative costs as permitted by the Federal law known as "COBRA") of continued health and dental plan participation under COBRA for the Executive (in the event of a termination other than as a result of death) and for the Executive's qualified beneficiaries (as that term is defined under COBRA) for the one (1) year period immediately following the date of termination and, and the Company shall have no further obligation to the Executive hereunder, other than (A) obligations due to the Executive as of the date of termination but not yet satisfied, such as, by way of example but not limitation, an uncorrected error in Base Salary or an outstanding claim under one of the welfare plans or an uncorrected error in the Executive's retirement plan account, and (B) obligations which, whether or not due to the Executive as of the date of termination, survive termination, such as, by way of example but not limitation, rights to exercise vested stock options (all of the foregoing, under clauses (A) and (B) hereof, the "Surviving Company Obligations").

b. Termination due to Disability. The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of his duties and responsibilities hereunder, notwithstanding the provision of any reasonable accommodation, for any period of six (6) consecutive months. During any period in which the Executive is disabled but prior to the Executive's date of termination, the Executive shall continue to receive all compensation and benefits under Section 4 hereof while his employment continues. If any question shall arise as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of his duties and responsibilities hereunder, the Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Executive has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. In the event of termination by the Company due to the Executive's disability, the Company shall provide the Executive with the Final Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

c. Retirement. The Executive may elect to retire voluntarily on thirty (30) days' notice to the Company, *provided* that the Executive is then at least 65 years of age. In such event, the Company shall pay to the Executive the Final Compensation (other than the benefits under clause (v) of the definition thereof (the "Accrued Compensation")) and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

d. Termination by the Company for Cause. The Company may terminate the Executive's employment at any time for "*Cause*," which shall mean only (i) the intentional failure to perform (excluding by reason of disability) or gross negligence or willful misconduct in the performance of regular duties or other breach of fiduciary duty or material breach of this

Agreement which remains uncured after thirty (30) days' notice specifying in reasonable detail the nature of the failure, negligence, misconduct or breach and what is required of the Executive to cure, (ii) conviction or plea of *nolo contendere* to a felony or (iii) fraud or embezzlement or other dishonesty which has a material adverse effect on the Company. Before terminating the Executive for Cause, (A) at least two-thirds (2/3) of the members of the Board (excluding the Executive, if a Board member) must conclude in good faith that, in their view, one of the events described in subsection (i), (ii) or (iii) above has occurred and (B) such Board determination must be made at a duly convened meeting of the Board (X) of which the Executive received written notice at least ten (10) days in advance, which notice shall have set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Company's belief that one of the events described in subsection (i), (ii) or (iii) above occurred and, in the case of an event under subsection (1), remains uncured at the expiration of the notice period, and (Y) at which the Executive had a reasonable opportunity to make a statement and answer the allegations against the Executive. In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive the Termination Entitlements and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. The parties acknowledge and agree that this definition of "Cause" shall be applicable and controlling with respect to the option agreements executed by the Executive under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options, pursuant to the terms of Section 14 of each such option agreement.

e. Termination by the Company other than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon ten (10) days notice to the Executive. Termination by the Company on or following expiration of the term hereof (other than a termination due to the Executive's death or disability or under circumstances that would constitute "Cause" if this Agreement were still in effect) will be treated as a termination other than for Cause under this Section 5(e). In the event of termination under this Section 5(e), the Executive shall be entitled to receive (i) the Accrued Compensation, and, (ii) subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, (x) an amount equal to the applicable Severance Multiplier multiplied by the sum of the Executive's Base Salary and Target Bonus for the year in which the date of termination occurs (or if no such Target Bonus has been established for the Executive for the year in which the date of termination occurs, the Target Bonus for the year immediately preceding the year in which the date of termination occurs) and (y) for two years following the date of termination, continued participation of the Executive and his qualified beneficiaries, as applicable, under the Company's group life, health, dental and vision plans in which the Executive was participating immediately prior to the date of termination, subject to any premium contributions required of the Executive at the rate in effect on the date of termination of his employment and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. For purpose of this Agreement, the "Severance Multiplier" shall be (A) two (2) in the event of termination under Section 5(e) or Section 5(t) (other than due to Good Reason resulting solely from notice of non-renewal of the term of this Agreement), in each case, prior to the expiration of the Initial Term; (B) one and one half (1.5) in the event of a termination under Section 5(e) or Section 5(i), in each case, on or following the expiration of the Initial Term; (C) one and one half (1.5) in the event of a termination at any time during the term of this Agreement for Good Reason resulting solely from the provision by the Company of notice of non-renewal of the term of this Agreement; and (D) one (1) in the event of a termination of the Executive under Section

5(g) and pursuant to which the Company makes the election under Section 8(b) hereof. Any payments due under Section 5(e), Section 5(f), Section 5(g) or Section 8(b), as applicable, shall be payable in equal monthly installments over the number of years and/or portions thereof equal to the applicable Severance Multiplier and, subject to Section 5(h), shall begin at the Company's next regular payday following the effective date of termination.

f. Termination by the Executive for Good Reason. The Executive may terminate his employment hereunder for Good Reason and, in that event, subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. "Good Reason" shall mean only (A) the occurrence, without the Executive's express written consent (which may be withheld for any or no reason) of any of the events or conditions described in the following subsections (i) through (viii), provided that, except with respect to the event described in subsection (viii), the Executive gives written notice to the Company of the occurrence of Good Reason within ninety (90) days following the date on which the Executive first knew or reasonably should have known of such occurrence and the Company shall not have fully corrected the situation within thirty (30) days following such notice or (B) termination (for any or no reason) by written notice from the Executive given within the thirty-day period immediately following the twelve month anniversary of a Change of Control occurring after the effective date of this Agreement. The following occurrences shall constitute Good Reason for purposes of clause (A) of this Section 5(f): (i) a reduction in the Executive's Base Salary (other than as expressly permitted under Section 4(a) hereof); (ii) an adverse change in the Executive's bonus opportunity through reduction of the Target Bonus or the maximum available bonus or a material adverse change in the goals or level of performance required to achieve the Target Bonus (other than as expressly permitted under Section 4(b) hereof); (iii) a failure by the Company to pay or provide to the Executive any compensation or benefits to which the Executive is entitled hereunder, (iv) (A) a material adverse change in the Executive's status, positions, titles, offices, duties and responsibilities, authorities or reporting relationship from those in effect immediately before such change; (B) the assignment to the Executive of any duties or responsibilities that are substantially inconsistent with the Executive's status, positions, titles, offices or responsibilities as in effect immediately before such assignment; or (C) any removal of the Executive from or failure to reappoint or reelect the Executive to any of such positions, titles or offices; provided that termination of the Executive's employment by the Company for Cause, by the Executive other than for Good Reason pursuant to Section 5(g) hereof, or a termination as a result of the Executive's death or disability shall not be deemed to constitute or result in Good Reason under this subsection (iv); (v) (A) if the Executive was based at the Company's headquarter offices in Boston, Massachusetts as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's Boston headquarter offices; (B) if the Executive was based at the Company's headquarter offices in San Diego, California as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's San Diego headquarter offices; or (C) if the Executive was not based at the

Company's headquarter offices in Boston, the Company's requiring the Executive to be based at any location which results in the Executive's regular commuting distance being twenty-five (25) or more miles greater than the Executive's regular commuting distance immediately prior to such relocation; provided that in all such cases the Company may require the Executive to travel on Company business including being temporarily based at other Company locations as long as such travel is reasonable and is not materially greater or different than the Executive's travel requirements before the Closing; (vi) any material breach by the Company of this Agreement, the Stockholders' Agreement, dated as of the Closing, by and among the Company, BD Investment Holdings Inc and the stockholder signatories thereto (the "Stockholders' Agreement"), the Indemnification Agreement, dated as of the Closing, by and among the Executive and the Company (the "Indemnification Agreement"), any option agreements entered into by and between the Company and/or Holdings and the Executive; (vii) the failure by the Company to obtain, before completion of a Change in Control, an agreement in writing from any successor or assign to assume and fully perform under this Agreement; or (viii) the provision of notice by the Company of non-renewal of this Agreement.

g. By the Executive Other than for Good Reason. The Executive may terminate his employment hereunder at any time upon thirty (30) days' notice to the Company. In the event of termination by the Executive pursuant to this Section 5(g), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive his Base Salary and prorated Target Bonus for the notice period (or for any remaining portion of the period). The Company shall also provide the Employee the Accrued Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. At the election of the Company, in accordance with and subject to the provisions of Section 8(b) hereof and subject to the Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, the Executive shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder, but with a Severance Multiplier of one (1).

h. Timing of Payments. In the event that at the time the Executive employment terminates the Company's shares are publicly traded (as defined in Section 409A of the Code) or the limitation on payments or provision of benefits imposed by Section 409A(a)(2)(B) would otherwise be applicable, any amounts payable or benefits provided under Section 5 that would have been payable during the six (6) months following the date of termination of employment with the Company and would otherwise be considered deferred compensation subject to the additional twenty percent (20%) tax imposed by Section 409A if paid within such six (6) month period shall be paid, in a lump sum on the business day after the date that is the earlier of (x) six (6) months following the date of termination, or (y) at such time as otherwise permitted by law that would not result in such additional taxation and penalties under Section 409A; provided, however, that the Company shall have no obligation to grant the Executive a "gross up" or other "make-whole" compensation for any tax imposed under Section 409A.

i. No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any cash payment or the value of any benefit provided for in this Agreement by seeking other employment, by seeking benefits from another employer or other source, or by

pursuing any other type of mitigation. No payment or benefit provided for in this Agreement shall be offset or reduced by the amount of any cash compensation or the value of any benefit provided to the Executive in any subsequent employment or from any other source. Notwithstanding the foregoing, if the Executive begins to participate in the group health plan of another employer which provides benefits substantially similar to those provided by the

Company pursuant to this Section 5, then the Executive shall promptly notify the Company and the Company may discontinue the health plan participation being provided the Executive pursuant to this Section 5.

6. Confidential Information.

a. The Executive acknowledges that the Company continually develops Confidential Information (as defined in Section 12); that the Executive may develop Confidential Information for the Company; and that the Executive may learn of Confidential Information during the course of employment. The Executive shall not disclose to any Person or use, other than as required by applicable law or for the performance of his duties and responsibilities to the Company, any Confidential Information obtained by the Executive incident to his employment with the Company. The Executive understands that this restriction shall continue to apply after his employment terminates, regardless of the reason for such termination.

b. All documents, records, tapes and other media of every kind and description containing Confidential Information, and all copies, (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company. The Executive shall return to the Company no later than the time his employment terminates all Documents then in the Executive's possession or control.

7. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property (as defined in Section 12) to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Executive creates in the performance of his duties hereunder shall be considered "work made for hire."

8. Restricted Activities.

a. While the Executive is employed by the Company and, except as otherwise provided in Section 8(b) or 8(c) below, for the period of two (2) years following the termination of the Executive's employment for any reason (including retirement) or, in the event of a termination for which the Executive is entitled to severance pay calculated with a Severance Multiplier of 1.5, for a period of eighteen (18) months following such termination, (as applicable, the "Non-Competition Period"), subject to the Company's compliance with the post-employment terms of this Agreement, the Executive will not engage or participate in, directly or indirectly,

alone or as principal, agent, employee, employer, consultant, investor or partner of, or assist in the management of, or provide advisory or other services to, or own any stock or any other ownership interest in, or make any financial investment in, any business or entity which is Competitive with the Company (as defined below); *provided*, *however*, that it shall not be a violation of the foregoing (i) for the Executive to own not more than two percent (2%) of the outstanding securities of any class of securities listed on a national exchange or inter-dealer quotation system or (ii) following termination of the Executive's employment with the Company, for the Executive to provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is Competitive with the Company if the Executive is not employed in such line of business or division or by such subsidiary or other affiliate and is not involved, directly or indirectly, in the management, supervision or operations of such line of business, division, subsidiary or affiliate that is Competitive with the Company. For purposes of this Agreement, a business or entity shall be considered "Competitive with the Company" if such business or entity provides or is engaged in, at any time during the Non-Competition Period (A) asset management, brokerage, investment advisory and insurance services, including services related to financial advisors for open end and closed end public mutual funds, or (B) any other businesses in which the Company and its subsidiaries were engaged, or any material products and/or services that the Company or its subsidiaries were actively developing or designing, in each case under this clause (8) as of the date the Executive's employment with the Company terminated, provided that, prior to such termination, the Executive knew of such other business or such material product or such service under active development or design. In addition, during the Non-Competition Period, the Executive will not (other than when acting on behalf of the Company during the Executive's employment) (i) solicit, or attempt to solicit, any existing or prospective customers, targets, suppliers, financial advisors, officers or employees of the Company or any of its subsidiaries to terminate their relationship with the Company or any of its subsidiaries or (ii) divert, or attempt to divert, from the Company or any of its subsidiaries any of its customers, prospective customers, targets, suppliers, financial advisors, officers or employees or (ill) hire or engage or otherwise contract with, or attempt to hire or engage or otherwise contract with, any officers, employees or financial advisors of the Company, whether to be an employee, officer, agent, consultant or independent contractor; *provided*, *however*, that nothing in this Section 8(a), shall be deemed to prohibit the Executive from soliciting a customer, prospective customer, target or supplier of the Company or any of its subsidiaries during the Non-Competition Period if such action relates solely to a business which is not Competitive with the Company. A customer, prospective customer, target, supplier, financial advisor, officer or employee of the Company or any of its subsidiaries is any one who was such within the preceding twelve months, excluding, however, any prospective customer or target which was solicited solely by mass mailing or general advertisement during that period and any officer, employee or financial advisor whose relationship with the Company was terminated by the Company or any of its subsidiaries other than for circumstances that would constitute "cause" (within the meaning of any such definition applicable to such officer, employee or financial advisor, or, if no such definition is applicable, "cause" as defined in Section 14 of the form of option agreements under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options) and provided further, with respect to the Company's subsidiaries, that the Executive during his employment with the Company was introduced to, or otherwise knew of or should have known of the relationship of,

such customer, prospective customer, target, supplier, financial advisor or employee to the subsidiary.

b. Notwithstanding anything herein to the contrary, in the event that the Executive terminates his employment hereunder without Good Reason, the Executive shall, at the Company's election, which election shall be provided to the Executive prior to the date of termination, (1) receive the payments and benefits specified in Section 5(e) with a Severance Multiplier of one (1) and be subject to a Non-Competition Period which shall continue

for two (2) years following the date of termination of the Executive's employment, or (2) receive no payments and benefits specified in Section 5(e) and be subject to a Non-Competition Period which shall continue for one (1) year following the date of termination of the Executive's employment.

c. The Executive may seek a waiver from the Company of his obligations pursuant to this Section 8, which waiver shall not be unreasonably withheld or delayed. As of the date of the grant of such waiver by the Company, all payments and benefits under the applicable provision of Section 5 shall cease (other than the payment of Final Compensation, excluding the payments and benefits under clause (v) of the definition thereof which shall cease or be reimbursed by the Executive on a pro-rata basis for the waived time period of the one (1) year Non-Competition Period, as applicable) or Accrued Compensation, as applicable).

9. Reasonableness; Enforcement. The Company and the Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6, 7 and 8 (the "Covenants") have been specifically negotiated by sophisticated parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Company, (iii) impose no undue hardship, (iv) are not injurious to the public, and (v) are essential to protect the business and goodwill of the Company and its affiliates and are a material term of this Agreement which has induced the Company to agree to provide for the payments and benefits described in this Agreement and induced Holdings to enter into the Merger Agreement. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Company and Holdings irreparable harm, which cannot be adequately compensated by money damages. The Executive and the Company agree that, in the event of an actual or threatened breach of Section 8, the Company shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have at law or equity, including money damages.

10. Survival. Provisions of this Agreement shall survive any termination if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under Sections 6, 7, 8 and 9 hereof and the obligations of the Company pursuant to Section 5 hereof.

11. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any

court order or other legal obligation that would affect the performance of his obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

a. "Change in Control" means the consummation, after the date of Closing, of (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, transaction or transfer of securities of the Company by its stockholders, or series of related transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own, directly or indirectly, capital stock either (A) representing directly or indirectly through one or more entities, less than fifty percent (50%) of the equity economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (B) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors or other similar governing body of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (ii) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entitles, by any person and its "affiliates" or "associates" (as such terms are defined in the Exchange Act Rules) or any "group" (as defined in the Exchange Act Rules) other than, in each case, the Company or an Affiliate of the Company immediately following the Closing, or (iii) a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a "Business Combination"), provided that, notwithstanding the foregoing, the following transactions shall in no event constitute a Change in Control: (A) a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction or (B) an IPO.

b. "Confidential Information" means any confidential proprietary information relating to the business of the Company or its affiliates or their respective customers or clients which has an economic value to the Company or its affiliates. Confidential Information does not include any information that enters the public domain other than through a breach by the Executive of his duties to the Company hereunder or which is obtained by the Executive from a third party which has no obligation of confidentiality to the Company.

c. "Fair Market Value" means, as of any date, the Board of Directors' good faith determination of the fair market value, taking into an account the most recent annual valuation (which shall be required to be conducted by an independent appraiser at least annually) and updated by the Company in good faith for the most recently ended quarter.

d. "Initial Public Offering" or "IPO" means the initial offering of stock to the public by the Company or stockholders of the Company or Holdings requiring registration under the Securities Act.

e. "Intellectual Property" means any invention, formula, process, discovery, development, design, innovation or improvement (whether or not patentable or registrable under copyright statutes) made, conceived, or first actually reduced to practice by the Executive solely or jointly with

others, during his employment by the Company, provided, however, that, as used in this Agreement, the term "Intellectual Property" shall not apply to any invention that the Executive develops on his own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Executive for the Company.

f. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its subsidiaries.

13. Withholding. All payments or other benefits, to the extent required by law, made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

14. Legal Fees. The Company shall at its election either pay directly the joint legal expenses incurred by the Executive and the other executives of the Company with whom the Company is entering into employment agreements effective as of the Closing in the negotiation and preparation of their employment agreements or reimburse the Executive for his portion of such joint legal expenses. In addition, all reasonable costs and expenses that are reasonably documented (including court and arbitration costs and reasonable legal fees and expenses that reflect common practice with respect to the matters involved) incurred by the Executive as a result of any claim, action or proceeding arising out of this Agreement or the contesting, disputing or enforcing of any provision, right or obligation under this Agreement shall be paid, or reimbursed to the Executive, if, in the final resolution of the dispute, the Executive either recovers material monetary damages (in cash or in kind, such as benefits) or is the prevailing party on a material non-monetary claim (such as a dispute regarding a restrictive covenant).

15. Dispute Resolution.

a. Except as provided in Section 9, any dispute, controversy or claim between the parties arising out of this Agreement or the Executive's employment with the Company or termination of employment shall be settled by arbitration conducted in the city in which the Executive is located, administered by the American Arbitration Association under its Employment Dispute Resolution Rules then in effect (except as modified by b. below).

b. In the event that a party requests arbitration (the "Requesting Party"), it shall serve upon the other party (the "Non-Requesting Party"), within one hundred and eighty (180) days of the date the Requesting Party knew, or reasonably should have known, of the facts

on which the controversy, dispute or claim is based, a written demand for arbitration stating the substance of the controversy, dispute or claim, the contention of the party requesting arbitration and the name and address of the arbitrator appointed by it. The Non Requesting Party, within sixty (60) days of such demand, shall accept the arbitrator or appoint a second arbitrator and notify the other party of the name and address of this second arbitrator so selected, in which case the two arbitrators shall appoint a third who shall be the sole arbitrator to hear the case. In the event that the two arbitrators fail in any instance to appoint a third arbitrator within thirty (30) days of the appointment of the second arbitrator, either arbitrator or any party to the arbitration may apply to the American Arbitration Association for appointment of the third arbitrator in accordance with the Rules, which arbitrator shall be the sole arbitrator to hear the case. Should the Non-Requesting Party (upon whom a demand for arbitration has been served) fail or refuse to accept the arbitrator appointed by the other party or to appoint an arbitrator within sixty (60) days, the single arbitrator shall have the right to decide alone, and such arbitrator's decision or award shall be final and binding upon the parties.

c. The decision of the arbitrator shall be in writing; shall set forth the basis for the decision; and shall be rendered within thirty (30) days following the hearing. The decision of the arbitrator shall be final and binding upon the parties and may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought.

16. No Withholding of Undisputed Payments. During the pendency of any dispute or controversy, the Company shall not withhold any payments or benefits due to the Executive, whether under this Agreement or otherwise, except for the specific portion of any payment or benefit that is the subject of a bona fide dispute between the parties.

17. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

18. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

20. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in

person or the next business day following consignment for overnight delivery to a reputable national overnight courier service or five business days following deposit in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at his last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chairman of the Board, or to such other address as a party may specify by notice to the other actually received. Copies of any notices, requests, demands and other communication to the Company by the Executive shall be sent by the to the Investors at the following address: c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, Attn: Richard Schiffer (Fax: 415-743-1501) and c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, Attn: Jeffrey Goldstein (Fax: 415-835-5408).

21. Entire Agreement. This Agreement and the Indemnification Agreement constitute the entire agreement between the parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment including without limitation the Management Arrangements — Summary of Key Terms.

22. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an authorized representative of the Company subject to prior approval by the Board.

23. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

25. Governing Law. This is a Massachusetts contract and shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

By: /s/ William E. Dwyer III
Name: William E. Dwyer III

THE COMPANY

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

In addition, BD Investment Holdings Inc. agrees to be bound by the terms of Section 4(c) of the Employment Agreement which is expressly applicable to BD Investment Holdings Inc.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of December 28, 2005 (the "Closing Date"), by and between each of BD Investment Holdings Inc. ("Holdings"), LPL Holdings, Inc., a Massachusetts corporation ("LPL", and together with Holdings, each a "Company"), and William E. Dwyer III (the "Indemnitee"), an officer and/or director of a Company.

RECITALS

WHEREAS, although the Restated Articles of Organization and the By-laws of LPL provide for indemnification of the officers and directors of LPL and the Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act, the Massachusetts Business Corporation Act expressly contemplates that contracts may be entered into between LPL and officers of LPL and/or members of the Board of Directors of LPL with respect to indemnification of officers and directors; and

WHEREAS, the Indemnitee's continued service to each Company substantially benefits the Companies; and

WHEREAS, each of the Boards of Directors of LPL and Holdings has determined that it is in the best interest of the Companies and that it is reasonably prudent and necessary for each Company contractually to obligate itself to indemnify, and to pay, on a current basis, expenses in advance of a final disposition of any Proceeding on behalf of the Indemnitee to the fullest extent permitted by applicable law in order to induce the Indemnitee to serve or continue to serve the Companies free from undue concern that the Indemnitee will not be so indemnified or that any indemnification obligation will not be met; and

WHEREAS, this Agreement is a supplement to and in furtherance of (a) the Restated Articles of Organization and Bylaws of LPL, and (b) the certificate and bylaws or partnership agreement, as the case may be, of Holdings and any Enterprise (as defined below) and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of the Indemnitee thereunder; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Companies and certain other Enterprises on the condition that the Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, each Company and the Indemnitee do hereby covenant and agree as follows:

1. *Definitions*. For purposes of this Agreement, the following terms shall have the meanings hereafter assigned to them:

(a) "Corporate Status" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or of any other Enterprise.

(b) A "Disinterested Director" shall mean a director of the applicable Company who, at the time of a vote referred to in the definition of Reviewing Party is not (i) the Indemnitee, (ii) a Party to (or a participant in) the Proceeding for which indemnification is sought or (iii) an individual having a familial, financial, professional or employment relationship with the Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on such director's judgment when voting on the decision being made.

(c) "Enterprise" shall mean (i) the Companies and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Companies and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving at the request of a Company. For purposes of this Agreement, a director or officer will be considered to be serving on an employee benefit plan at a Company's request if the individual's duties to such Company also impose duties on, or otherwise involve services by, the individual to the plan.

(d) "Expenses" shall mean all reasonable expenses, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses shall include such fees and expenses, and costs incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

(e) "Fines" shall mean any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of a Company" shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or an Enterprise which imposes duties on, or involves services by, such director, trustee, general partner, managing member, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Companies" as referred to in this Agreement.

(f) An "Indemnifiable Event" shall mean any Proceeding in which the Indemnitee was, is or will be involved as a Party or otherwise by reason of the fact that the Indemnitee is or was an officer or director of any of the Companies or the Enterprises, by reason

of any acts or omissions on his part while acting as an officer or director of such Company, or by reason of the fact that he is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any Expense, judgment, fine or amount paid in settlement is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(g) An "Indemnitee Statement" shall mean a written demand by the Indemnitee to a Company for a payment pursuant to Section 2(b) of this Agreement, accompanied by a written statement, dated the date of such statement, from the Indemnitee to a Company in which the Indemnitee (i) affirms, with respect to the applicable Indemnifiable Event, the Indemnitee's good faith belief that the Indemnitee has met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act or that the Proceeding involves conduct for which liability has been eliminated under such Company's articles of organization or bylaws and (ii) undertakes to repay any funds paid in advance of a final disposition of a Proceeding (or funds paid directly by a Company advance of a final disposition of a Proceeding) if, with respect to the applicable Indemnifiable Event, the Indemnitee is not entitled to indemnification under applicable law as ultimately determined by a court of competent jurisdiction or by the Reviewing Party that the Indemnitee has not met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(h) An "IPO" shall mean an underwritten initial public offering or public offering of shares of BD Investment Holdings Inc. pursuant to a registration statement under the Securities Act of 1933, as amended, or any successor federal statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

(i) A "Liability" shall mean an obligation to pay a judgment, settlement, penalty, and/or Fine (including an excise tax assessed with respect to an employee benefit plan) in connection with an Indemnifiable Event and any Expenses incurred in connection with an Indemnifiable Event.

(j) A "Party" shall mean an individual who was, is, or is threatened to be made, a defendant or respondent in a Proceeding. The Indemnitee shall be considered a "Party" in a Proceeding in which the Indemnitee seeks a declaratory judgment with respect to matters related to an Indemnifiable Event. In addition, the Indemnitee shall be considered a Party for all aspects of an Indemnifiable Event even though the Indemnitee asserts counter-claims or cross-claims.

(k) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than a Company or any of its subsidiaries.

(l) A "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of a Company or otherwise, whether informal or formal, and whether of a civil,

criminal, administrative or investigative nature, including, without limitation, any such proceeding pending as of the date of this Agreement.

(m) The "Reviewing Party" in connection with an Indemnifiable Event shall be, as selected by the Indemnitee in his or her sole discretion:

(i) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, such Board of Directors acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(ii) a Special Legal Counsel nominated by the Indemnitee and selected by

(a) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, the Board of Directors of such Company acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(b) if there are fewer than two Disinterested Directors on the Board of Directors of the applicable Company, the full Board of Directors of the Company, with directors who do not qualify as Disinterested Directors eligible to vote; or

(iii) prior to an IPO, the shareholders of the applicable Company acting by the vote required for ordinary corporate actions, except that shares owned by or voted under the control of (A) a director of such Company who at the time does not qualify as a Disinterested Director or (B) the Indemnitee may not be voted on the determination.

(n) "Special Legal Counsel" shall mean, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and (b) is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Company or the Indemnitee in any matter material to either such party (other than as Special Legal Counsel), or (ii) any other Party to (or participant in) the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Special Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either of the Companies or the Indemnitee in an action to determine the Indenmitee's rights under this Agreement. Each Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

2. *Basic Arrangement*.

(a) In the event the Indemnitee is a Party in an Indemnifiable Event, subject only to limitations expressly imposed by the terms of this Agreement, each Company shall indemnify the Indemnitee for any associated Liabilities to the fullest extent permitted by law. Subject to Section 2(f) and in accordance with the procedures set forth in Section 3, any

indemnification pursuant to this Section 2(a) must be determined by the Reviewing Party to be permissible under the Massachusetts Business Corporation Act in the specific Proceeding. Each Company shall make any such payment to which the Indemnitee is entitled pursuant to this Section 2(a) as soon as practicable but in no event later than five (5) days after determination by the Reviewing Party.

(b) Notwithstanding anything to the contrary, before the final disposition of an Indemnifiable Event in which the Indemnitee is a Party, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expenses (an "Expense Advance") within ten (10) days after the receipt by a Company of a statement or statements requesting such advances from time to time, provided that the Indemnitee delivers an Indemnitee Statement. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(c) Pursuant to Section 8.58(a) of the Massachusetts Business Corporation Act, this Agreement shall constitute authorization to provide indemnification, pay funds, on a current basis, and reimburse expenses under Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(d) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities in connection with an Indemnifiable Event or other any other Proceeding involving the Companies or Enterprises, in either case, in which the Indemnitee is a witness but not a Party. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(d) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(e) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities incurred by or on behalf of the Indemnitee (i) in taking any action to enforce any provision of this Agreement, including all Expenses incurred bringing a claim, counterclaim or cross claim in a legal proceeding, arbitration or otherwise to enforce this Agreement or any provisions of this Agreement or (ii) for recovery under any directors' and officers' liability insurance policy maintained by the Companies. If the Companies do not pay

directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(e) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(f) Notwithstanding any other provisions of this Agreement, to the extent that the Indemnitee is a Party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding in connection with an Indemnifiable Event or in defense of any claim, issue or matter therein, in whole or in part, each Company shall be liable to indemnify the Indemnitee against all Liabilities incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, each Company shall be liable to indemnify Indemnitee against all Liabilities incurred by the Indemnitee or on the Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, each Company also shall be liable to indemnify the Indemnitee against all Expenses reasonably incurred in connection with any claim, issue or matter that is related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(g) For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(1) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that permits a corporation to indemnify its officers and directors, including, without limitation, the indemnification permitted by Section 8.56 for officers;

(2) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Massachusetts Business Corporation; and

(3) to the fullest extent authorized or permitted by any amendments to or replacements of the Massachusetts Business Corporation Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. *Procedure Upon Application for Indemnification.*

(a) In order to obtain indemnification under this Agreement, the Indemnitee shall, anytime following Indemnitee's submission of an Indemnitee Statement to a Company, and consistent with the time period of this Agreement as set forth in Section 5 of this Agreement, submit to a Company a written request for indemnification pursuant to this Section 3(a). No determination of Indemnitee's entitlement to indemnification shall be made until such written request for a determination is submitted to a Company pursuant to this Section 3(a). The failure to submit a written request to a Company will relieve the Companies of their indemnification obligations under this Agreement only to the extent the Companies can establish that such failure to make a written request resulted in actual prejudice to it, and the failure to make a written request will not relieve the Companies from any liability which it may have to indemnify the Indemnitee otherwise than under this Agreement. The Companies shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors of the Companies in writing that the Indemnitee has requested indemnification.

(b) The Indemnitee shall cooperate with the Reviewing Party making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Reviewing Party upon request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Reviewing Party, as the case may be, making such determination shall be advanced and borne by the Companies (where the Indemnitee executes and delivers to the Company the Indemnitee Statement) irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Companies are liable to indemnify and hold the Indemnitee harmless therefrom.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted an Indemnitee Statement, and each Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any of the Companies (including by their Boards of Directors) or of Special Legal Counsel to have made a determination prior to the commencement of any judicial proceeding or arbitration pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by any of the Companies (including by their Boards of Directors) or by Special Legal Counsel that the Indemnitee has not met such applicable standard of conduct shall create a presumption that the Indemnitee has not met the applicable standard of conduct.

(d) If the Reviewing Party shall not have made a determination within sixty (60) days after receipt by a Company of the Indemnitee's written request for indemnification pursuant to Section 3(a) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a failure by the Indemnitee to comply with Section 3(b) hereof, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to

make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Special Legal Counsel making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(e) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not meet any particular standard of conduct required pursuant to this Agreement.

(f) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action or failure to act is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 3(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(g) The knowledge and/or actions, or failure to act, of any other director, partner, managing member, officer, agent, employee or trustee of the Enterprise shall not be imputed to the Indemnitee for purposes of determining his right to indemnification under this Agreement.

4. *Remedies.*

(a) In the event that (i) a determination is made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) payment of Expenses, on a current basis, is not timely made pursuant to Section 2 of this Agreement, (iii) payment of Expenses is not made pursuant to Section 2 or the last sentence of Section 3(b) of this Agreement within ten (10) days after receipt by a Company of a written request therefor, (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement), (iv) payment of indemnification pursuant to Section 2 of this Agreement is not made within ten (10) days after a determination has been made that the Indemnitee is entitled to indemnification, or (v) there is any breach of this Agreement, the Indemnitee shall be entitled to seek an adjudication by a court of competent jurisdiction as to his entitlement to such indemnification or payment of Expenses, on a current basis. Alternatively, under the circumstances in clauses (i) through (v), the Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Companies shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. If the Indemnitee has commenced adjudication or arbitration to secure a determination, with respect to an Indemnifiable Event, that the Indemnitee is entitled to indemnification under this Agreement,

any determination made by the Reviewing Party that indemnification of the Indemnitee is not permissible under the Massachusetts Business Corporation Act with respect to such Indemnifiable Event shall not be binding, and (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) the Indemnitee shall not be required to reimburse the Companies for any Expense Advance until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that indemnification is not legally permissible is made with respect to such matter.

(b) In the event that a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration, commenced pursuant to this Section 4, shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4, each Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is entitled to indemnification, the Companies shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that the Indemnitee is a Party to (or a participant in) a judicial proceeding or arbitration pursuant to this Section 4 concerning the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Companies, and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee (where, with respect to an Indemnifiable Event, the Indemnitee has executed and delivered to the Company the Indemnitee Statement) in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from each Company (who shall be liable therefor), and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Companies shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement.

5. *Duration of the Agreement*. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that the Indemnitee shall have ceased to serve as a director of any of the Companies or as a director, partner, managing member, officer, employee, agent or trustee of any other Enterprise; or (b) 1 year after the final termination (i) of any Proceeding (including any rights of appeal) then pending in respect of which the Indemnitee requests indemnification or advancement of Expenses hereunder and (ii) of any judicial

proceeding or arbitration pursuant to Section 4 of this Agreement (including any rights of appeal) involving the Indemnitee. This Agreement shall be binding upon each Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his heirs, executors and administrators.

6. *Non-exclusivity, Etc.* The rights of indemnification and to receive payment of Expenses, on a current basis, as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Companies' or any other Enterprise's Articles of Organization, the Companies' or any other Enterprise's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of the Indemnitee under this Agreement in respect to any action taken or omitted by such Indemnitee in the Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Companies' or any other Enterprise's Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

7. *Liability Insurance*. To the extent that the Companies maintain an insurance policy or policies providing liability insurance for directors, partners, managing members, officers, employees, agents or trustees of the Companies or of any other Enterprise, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, partner, managing member, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2 hereof, the Companies have director and officer liability insurance in effect, the Companies shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Each Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Companies shall maintain an insurance policy or policies for directors, partners, managing members, officers, employees, agents or trustees of the Companies and of all Enterprises in an amount reasonably acceptable to the Chief Executive Officer of LPL.

8. *Amendments, Etc*. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9. *Subrogation*. In the event of payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee,

who shall execute all such papers and do all such things as may be necessary or desirable to secure such rights.

10. *No Duplication of Payments*. The Companies shall not be liable under this Agreement to make any payment in connection with any Proceeding involving the Indemnitee to the extent the Indemnitee has otherwise received payment (under any insurance policy, the Companies' articles of organization or by-laws or otherwise) of the amounts otherwise indemnifiable hereunder.

11. *Contribution*. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, each Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion in order to reflect (i) the relative benefits received by the Companies and the Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officer, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s).

12. *Binding Effect, Etc*. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including, with respect to the Companies, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies, and including, with respect to the Indemnitee, the Indemnitee's estate, heirs and personal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer or director of the Companies or of any other Enterprise.

13. *Severability*. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

14. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to the Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as the Indemnitee shall provide in writing to the Company, with a copy to Julie Jones, Esq., Ropes & Gray LLP, One International Place, Boston, MA 02110.

(b) If to any of the Companies to: LPL Holdings, Inc., One Beacon Street, 22nd Floor, Boston, MA 02108, Attn: Secretary (or, if the Indemnitee is at such time the Secretary, to the President of the Company).

15. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to indemnification of the Indemnitee by the Companies for Indemnitee's service to the Companies, provided, however, that this Agreement shall in no way diminish rights of the Indemnitee that accrued prior to the date of this Agreement.

16. *Governing Law*. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of law.

17. *References*. References to statutes, regulations and documents shall be deemed to mean such statutes, regulations and documents as amended from time to time and any successor statutes, regulations and documents.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

INDEMNITEE

By: /s/ William E. Dwyer III
Name: William E. Dwyer III

Address: _____

_____

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LPL HOLDINGS, INC.

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into this 28th day of December, 2005, by and between Steven M. Black (the "Executive") and LPL Holdings, Inc. (the "Company") to be effective upon the Closing (as defined below).

WHEREAS, BD Investment Holdings Inc. ("Holdings"), BD Acquisition Inc. ("Merger Sub") and the Company have entered into an agreement captioned "Agreement and Plan of Merger," dated as of October 27, 2005 (the "Merger Agreement"), pursuant to which Merger Sub will be merged with and into the Company (the "Merger"); and

WHEREAS, in accordance with the foregoing, the Company and the Executive desire to enter into this Agreement to set forth the terms of the Executive's continued employment with the Company, effective as of the consummation of the Merger (the "Closing").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the parties hereby agree:

1. Employment. Subject to the terms and conditions set forth in this Agreement, the Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts the terms of continued employment with the Company.

2. Term. Subject to earlier termination as hereafter provided, the Executive's employment hereunder shall have an original term of three (3) years commencing on the date of the Closing (the "Initial Term") and shall automatically be renewed thereafter for successive terms of one year each, unless the Company provides notice to the Executive at least ninety (90) days prior to the expiration of the Initial Term or any renewal term that the Agreement is not to be renewed, in which event this Agreement and the Executive's employment hereunder shall terminate at the expiration of the then-current term. The term of this Agreement, as from time to time renewed, is hereafter referred to as "the term of this Agreement" or "the term hereof." In the event that the Closing does not occur, this Agreement shall be void *ab initio* and of no force or effect.

3. Capacity and Performance.

a. During the term hereof, the Executive shall serve the Company as its Managing Director, Operations and Trading, reporting to the Chief Executive Officer of the Company (the "CEO").

b. During the term hereof, the Executive shall be employed by the Company on a full-time basis and shall have such duties, authority and responsibilities as are commensurate with his position and such other duties, consistent with his position, as may be designated from time to time by the Board of Directors of the Company (the "Board").

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c. During the term hereof, the Executive shall devote his full business time and his best efforts to the discharge of his duties and responsibilities hereunder; provided, however, that, subject to Section 8 hereof, the foregoing shall not be construed to prevent the Executive from attending to personal investments and community and charitable service, provided that such activities do not unreasonably interfere with the performance of Executive's duties to the Company. In addition, the Executive may serve on boards of directors and similar governing bodies, and committees thereof, subject to the approval of the Board, which approval shall not be unreasonably withheld, and subject to Section 8 hereof. Notwithstanding the foregoing, the Executive may continue to serve on those boards and committees on which the Executive was serving at the time of the Closing, which boards and committees are listed on Schedule 1(A) of this Agreement.

4. Compensation and Benefits. As compensation for all services performed by the Executive during the term hereof:

a. Base Salary. During the term hereof, the Company shall pay the Executive a base salary at the rate per annum as set forth on Schedule 1(B), of this Agreement, payable in accordance with the regular payroll practices of the Company for its executives and subject to increase from time to time by the Board (or its compensation committee). The Executive's base salary may only be decreased with the approval of Mark S. Casady and then only in an across-the-board salary reduction in which all executives and other employees are subject to an equal percentage reduction. The Executive's base salary, as from time to time increased or decreased in accordance with Agreement, is hereafter referred to as the "Base Salary."

b. Bonus Compensation.

i. The Executive shall be eligible to receive a full bonus, without pro-ration, for calendar year 2005, determined in accordance with the Company's employee cash bonus plan as in effect immediately prior to the Closing, as set forth in Schedule 1(C) hereto.

ii. Each calendar year thereafter during the term hereof, the Executive shall be eligible to participate in the cash bonus plan in effect for employees of the Company generally, under which, subject to the next sentence, the plan elements described in clauses (A) and (C) below shall be not be decreased from those applicable to the Executive under the bonus plan in effect immediately prior to the Closing, and the plan element described in clause (B) below shall be substantially consistent with past practice: (A) the target bonus, (B) the level of performance required to reach target and (C) the opportunity to earn bonus compensation in excess of target, with respect to clauses (A) and (C) as set forth on Schedule 1(D) hereto. Neither the Executive's target bonus nor the opportunity to earn bonus compensation in excess of target may be subject to an adverse change and the level of performance required to reach target may not be materially adversely changed except with the approval of Mark S. Casady and then only in an across-the-board change which affects equally all employees participating in the bonus plan. Such cash bonus shall be in addition to the Base Salary. The Executive's target bonus under the executive cash bonus plan is referred to hereafter as the "Target Bonus." In clarification of the foregoing, the actual bonus earned by the Executive for any given calendar year, may be below, at or above the Target Bonus, based on actual performance. Subject to any effective deferral election made available and elected by the Executive, each bonus earned by the

Executive hereunder shall be paid no later than March 15 of the calendar year following the end of the calendar year for which the bonus was earned.

c. Stock Option Grants. Pursuant to the following terms and conditions, the Executive shall be eligible to participate in Holdings' stock option plan and Holdings agrees as follows:

i. Holdings shall establish a stock option plan ("Stock Option Plan") providing for grants of options (the "Stock Options") to purchase the common stock of BD Investment Holdings Inc., par value $0.01 (the "Buyer Common Stock") in amounts not less than (i) 2% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2008 and January 1, 2009 and (ii) 2.5% of the Buyer Common Stock (on a fully-diluted post-exercise basis) in the aggregate per year for all executives, employees and financial advisors of the Company and its subsidiaries, including the Executive, selected by the Board after consultation with, and based on the recommendation of, the CEO, for the calendar years beginning on January 1, 2010 and January 1, 2011.

ii. Beginning in January 2008, each annual Stock Option grant shall be made between the first and fifteenth business day of the year, unless the CEO, in his sole discretion, shall agree with the Board to a later date during such year (the "Default Date"). If the Board does not approve Stock Option grants in the amounts set forth in Section 4(c)(i) by the Default Date, then Stock Options in such amounts shall be granted pro-rata to existing option holders and employee stockholders as of such date of grant, except that the CEO's share of such Stock Option grants shall be reduced by 75% and the other four most highly compensated executives' share of such Stock Option grants shall be reduced by 50%.

iii. The per share exercise price of each Stock Option shall be equal to the Fair Market Value of a share of Buyer Common Stock on the date of grant. Each Stock Option granted shall vest in five equal tranches on each of the first five anniversaries of the date of grant subject to the option holder's continued employment as of each such vesting date; provided, however, that all Stock Options shall automatically vest in full upon a "change in control" (as defined in the Option Plan, it being understood that an IPO shall in no event constitute a change in control). Notwithstanding any provision of this Agreement to the contrary, following an IPO, no additional Stock Options shall be granted pursuant to the Stock Option Plan.

iv. Upon termination of his employment, the portion of any Stock Option granted to the Executive which has not yet vested shall terminate. In the event the Executive's employment terminates for any reason other than for Cause, the Executive may exercise any vested portion of any Stock Option held by him on the date of termination provided that he does so prior to the earlier of (A) ninety (90) days following termination of employment and (B) the expiration of the scheduled term of the Stock Option. Notwithstanding the foregoing, if the Executive's employment is terminated due to death or disability (as defined in Section 5(b)), then the Executive or, as applicable in the event of death, his beneficiary or estate,

may exercise any vested portion of any Stock Option held by the Executive on the date employment terminates for the shorter of (A) the period of twelve (12) months following the termination date and, (B) with respect to each Stock Option individually, the expiration of the scheduled term of such Stock Option. Upon a termination of the Executive's employment by the Company for Cause, all Stock Options shall be forfeited immediately.

v. Holdings, the Company and the Executive agree to cooperate to structure the Stock Option Plan so as to minimize or avoid additional taxes and interest that would otherwise be imposed on the Executive with respect to options granted under the Stock Option Plan pursuant to Section 409A of the Internal Revenue Code as amended (the "Code"); provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for such purpose.

d. Vacations. During the term hereof, the Executive shall be eligible for the number of weeks of vacation per year set forth on Schedule 1(E) to this Agreement, subject to the vacation policies of the Company generally applicable to its executives, as in effect from time to time, provided that the Executive shall not be barred from taking up to the maximum number of weeks of vacation in any given year solely by reason of the Executive's failure to work for a specified period of time during such year prior to the time of such vacation.

e. Other Benefits. During the term hereof, the Executive shall be entitled to participate in any and all employee benefit plans from time to time in effect for executives and/or employees of the Company generally, provided that the Executive shall receive benefits pursuant to plans, programs and policies (other than any equity-based compensation plan or program) that are comparable, and no less favorable in the aggregate, to those benefits offered to him immediately prior to the Closing.

f. Business Expenses. During the term hereof, the Company shall pay or reimburse the Executive for all reasonable business expenses incurred or paid by the Executive in the performance of his duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as the Company may require and otherwise consistent with the Company's policies generally applicable to its executives, as in effect from time to time.

5. Termination of Employment and Severance Benefits. Notwithstanding the provisions of Section 2 hereof, the Executive's employment hereunder shall terminate prior to the expiration of the term hereof under the following circumstances:

a. Termination due to Death. In the event of the Executive's death during the term hereof, the Executive's employment hereunder shall immediately and automatically terminate. In such event, the Company shall pay to the Executive's designated beneficiary or, if no beneficiary has been designated by the Executive, to his estate, "Final Compensation" which shall include all of the following: (i) the Base Salary earned but not paid through the date of termination, (ii) pay for any vacation time earned but not used through the date of termination, (iii) payment of any annual bonus earned but not paid for the year preceding that in which the date of termination occurs, (iv) reimbursement for any business expenses incurred by the Executive and reimbursable pursuant to Section 4(f) hereof but unreimbursed on the date of termination (clauses (i), (ii), (iii) and (iv), collectively, the "Termination Entitlements"); (v) a

bonus for the year in which the date of termination occurs determined by multiplying the Target Bonus for that year by a fraction, the numerator of which is the number of days the Executive was employed during the year in which the date of termination occurs, through the date of termination, and the denominator of which is 365, (vi) a single lump-sum payment equal to the premium (including the additional amount (if any) charged for administrative costs as permitted by the Federal law known as "COBRA") of continued health and dental plan participation under COBRA for the Executive (in the event of a termination other than as a result of death) and for the Executive's qualified beneficiaries (as that term is defined under COBRA) for the one (1) year period immediately following the date of termination and, and the Company shall have no further obligation to the Executive hereunder, other than (A) obligations due to the Executive as of the date of termination but not yet satisfied, such as, by way of example but not limitation, an uncorrected error in Base Salary or an outstanding claim under one of the welfare plans or an uncorrected error in the Executive's retirement plan account, and (B) obligations which, whether or not due to the Executive as of the date of termination, survive termination, such as, by way of example but not limitation, rights to exercise vested stock options (all of the foregoing, under clauses (A) and (B) hereof, the "Surviving Company Obligations").

b. Termination due to Disability. The Company may terminate the Executive's employment hereunder, upon notice to the Executive, in the event that the Executive becomes disabled through any illness, injury, accident or condition of either a physical or psychological nature and, as a result, is unable to perform substantially all of his duties and responsibilities hereunder, notwithstanding the provision of any reasonable accommodation, for any period of six (6) consecutive months. During any period in which the Executive is disabled but prior to the Executive's date of termination, the Executive shall continue to receive all compensation and benefits under Section 4 hereof while his employment continues. If any question shall arise as to whether during any period the Executive is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of his duties and responsibilities hereunder, the Executive may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Executive has no reasonable objection to determine whether the Executive is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. In the event of termination by the Company due to the Executive's disability, the Company shall provide the Executive with the Final Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

c. Retirement. The Executive may elect to retire voluntarily on thirty (30) days' notice to the Company, provided that the Executive is then at least 65 years of age. In such event, the Company shall pay to the Executive the Final Compensation (other than the benefits under clause (v) of the definition thereof (the "Accrued Compensation")) and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations.

d. Termination by the Company for Cause. The Company may terminate the Executive's employment at any time for "Cause," which shall mean only (i) the intentional failure to perform (excluding by reason of disability) or gross negligence or willful misconduct in the performance of regular duties or other breach of fiduciary duty or material breach of this

Agreement which remains uncured after thirty (30) days' notice specifying in reasonable detail the nature of the failure, negligence, misconduct or breach and what is required of the Executive to cure, (ii) conviction or plea of *nolo contendere* to a felony or (iii) fraud or embezzlement or other dishonesty which has a material adverse effect on the Company. Before terminating the Executive for Cause, (A) at least two-thirds (2/3) of the members of the Board (excluding the Executive, if a Board member) must conclude in good faith that, in their view, one of the events described in subsection (i), (ii) or (iii) above has occurred and (B) such Board determination must be made at a duly convened meeting of the Board (X) of which the Executive received written notice at least ten (10) days in advance, which notice shall have set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Company's belief that one of the events described in subsection (i), (ii) or (iii) above occurred and, in the case of an event under subsection (i), remains uncured at the expiration of the notice period, and (Y) at which the Executive had a reasonable opportunity to make a statement and answer the allegations against the Executive. In the event of the termination of the Executive's employment by the Company for Cause, the Company shall pay to the Executive the Termination Entitlements and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. The parties acknowledge and agree that this definition of "Cause" shall be applicable and controlling with respect to the option agreements executed by the Executive under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options, pursuant to the terms of Section 14 of each such option agreement

e. Termination by the Company other than for Cause. The Company may terminate the Executive's employment hereunder other than for Cause at any time upon ten (10) days notice to the Executive. Termination by the Company on or following expiration of the term hereof (other than a termination due to the Executive's death or disability or under circumstances that would constitute "Cause" if this Agreement were still in effect) will be treated as a termination other than for Cause under this Section 5(e). In the event of termination under this Section 5(e), the Executive shall be entitled to receive (i) the Accrued Compensation, and, (ii) subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, (x) an amount equal to the applicable Severance Multiplier multiplied by the sum of the Executive's Base Salary and Target Bonus for the year in which the date of termination occurs (or if no such Target Bonus has been established for the Executive for the year in which the date of termination occurs, the Target Bonus for the year immediately preceding the year in which the date of termination occurs) and (y) for two years following the date of termination, continued participation of the Executive and his qualified beneficiaries, as applicable, under the Company's group life, health, dental and vision plans in which the Executive was participating immediately prior to the date of termination, subject to any premium contributions required of the Executive at the rate in effect on the date of termination of his employment and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. For purpose of this Agreement, the "Severance Multiplier" shall be (A) two (2) in the event of termination under Section 5(e) or Section 5(f) (other than due to Good Reason resulting solely from notice of non-renewal of the term of this Agreement), in each case, prior to the expiration of the Initial Term; (B) one and one half (1.5) in the event of a termination under Section 5(e) or Section 5(f), in each case, on or following the expiration of the Initial Term; (C) one and one half (1.5) in the event of a termination at any time during the term of this Agreement for Good Reason resulting solely from the provision by the Company of notice of non-renewal of the term of this Agreement; and (D) one (1) in the event of a termination of the Executive under Section

5(g) and pursuant to which the Company makes the election under Section 8(b) hereof. Any payments due under Section 5(e), Section 5(f), Section 5(g) or Section 8(b), as applicable, shall be payable in equal monthly installments over the number of years and/or portions thereof equal to the applicable Severance Multiplier; and, subject to Section 5(h), shall begin at the Company's next regular payday following the effective date of termination.

f. Termination by the Executive for Good Reason. The Executive may terminate his employment hereunder for Good Reason and, in that event, subject to Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, shall be entitled to all payments and benefit's which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. "Good Reason" shall mean only (A) the occurrence, without the Executive's express written consent (which may be withheld for any or no reason) of any of the events or conditions described in the following subsections (i) through (viii), provided that, except with respect to the event described in subsection (viii), the Executive gives written notice to the Company of the occurrence of Good Reason within ninety (90) days following the date on which the Executive first knew or reasonably should have known of such occurrence and the Company shall not have fully corrected the situation within thirty (30) days following such notice or (B) termination (for any or no reason) by written notice from the Executive given within the thirty day period immediately following the twelve month anniversary of a Change of Control occurring after the effective date of this Agreement. The following occurrences shall constitute Good Reason for purposes of clause (A) of this Section 5(f): (i) a reduction in the Executive's Base Salary (other than as expressly permitted under Section 4(a) hereof); (ii) an adverse change in the Executive's bonus opportunity through reduction of the Target Bonus or the maximum available bonus or a material adverse change in the goals or level of performance required to achieve the Target Bonus (other than as expressly permitted under Section 4(b) hereof); (iii) a failure by the Company to pay or provide to the Executive any compensation or benefits to which the Executive is entitled hereunder; (iv) (A) a material adverse change in the Executive's status, positions, titles, offices, duties and responsibilities, authorities or reporting relationship from those in effect immediately before such change; (B) the assignment to the Executive of any duties or responsibilities that are substantially inconsistent with the Executive's status, positions, titles, offices or responsibilities as in effect immediately before such assignment; or (C) any removal of the Executive from or failure to reappoint or reelect the Executive to any of such positions, titles or offices; provided that termination of the Executive's employment by the Company for Cause, by the Executive other than for Good Reason pursuant to Section 5(g) hereof, or a termination as a result of the Executive's death or disability shall not be deemed to constitute or result in Good Reason under this subsection (iv); (v) (A) if the Executive was based at the Company's headquarter offices in Boston, Massachusetts as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's Boston headquarter offices; (B) if the Executive was based at the Company's headquarter offices in San Diego, California as of the day immediately prior to the Closing, the Company's changing the location of such headquarter offices to a location more than twenty-five (25) miles from the location of such offices, or the Company's requiring the Executive to be based at a location other than the Company's San Diego headquarter offices; or (C) if the Executive was not based at the

Company's headquarter offices in San Diego, the Company's requiring the Executive to be based at any location which results in the Executive's regular commuting distance being twenty-five (25) or more miles greater than the Executive's regular commuting distance immediately prior to such relocation; provided that in all such cases the Company may require the Executive to travel on Company business including being temporarily based at other Company locations as long as such travel is reasonable and is not materially greater or different than the Executive's travel requirements before the Closing; (vi) any material breach by the Company of this Agreement, the Stockholders' Agreement, dated as of the Closing, by and among the Company, BD Investment Holdings Inc and the stockholder signatories thereto (the "Stockholders' Agreement"), the Indemnification Agreement, dated as of the Closing, by and among the Executive and the Company (the "Indemnification Agreement"), any option agreements entered into by and between the Company and/or Holdings and the Executive; (vii) the failure by the Company to obtain, before completion of a Change in Control, an agreement in writing from any successor or assign to assume and fully perform under this Agreement; or (viii) the provision of notice by the Company of non-renewal of this Agreement.

g. By the Executive Other than for Good Reason. The Executive may terminate his employment hereunder at any time upon thirty (30) days' notice to the Company. In the event of termination by the Executive pursuant to this Section 5(g), the Board may elect to waive the period of notice, or any portion thereof, and, if the Board so elects, the Company will pay the Executive his Base Salary and prorated Target Bonus for the notice period (or for any remaining portion of the period). The Company shall also provide the Employee the Accrued Compensation and the Company shall have no further obligation to the Executive hereunder, other than the Surviving Company Obligations. At the election of the Company, in accordance with and subject to the provisions of Section 8(b) hereof and subject to the Executive's continued compliance with his obligations under Sections 6, 7 and 8 hereof, the Executive shall be entitled to all payments and benefits which the Executive would have been entitled to receive under Section 5(e) hereof as if termination had occurred thereunder, but with a Severance Multiplier of one (l).

h. Timing of Payments. In the event that at the time the Executive employment terminates the Company's shares are publicly traded (as defined in Section 409A of the Code) or the limitation on payments or provision of benefits imposed by Section 409A(a)(2)(B) would otherwise be applicable, any amounts payable or benefits provided under Section 5 that would have been payable during the six (6) months following the date of termination of employment with the Company and would otherwise be considered deferred compensation subject to the additional twenty percent (20%) tax imposed by Section 409A if paid within such six (6) month period shall be paid, in a lump sum on the business day after the date that is the earlier of (x) six (6) months following the date of termination, or (y) at such time as otherwise permitted by law that would not result in such additional taxation and penalties under Section 409A; provided, however, that the Company shall have no obligation to grant the Executive a "gross-up" or other "make-whole" compensation for any tax imposed under Section 409A.

i. No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any cash payment or the value of any benefit provided for in this Agreement by seeking other employment, by seeking benefits from another employer or other source, or by

pursuing any other type of mitigation. No payment or benefit provided for in this Agreement shall be offset or reduced by the amount of any cash compensation or the value of any benefit provided to the Executive in any subsequent employment or from any other source. Notwithstanding the foregoing, if the Executive begins to participate in the group health plan of another employer which provides benefits substantially similar to those provided by the

Company pursuant to this Section 5, then the Executive shall promptly notify the Company and the Company may discontinue the health plan participation being provided the Executive pursuant to this Section 5.

6. Confidential Information.

a. The Executive acknowledges that the Company continually develops Confidential Information (as defined. in Section 12); that the Executive may develop Confidential Information for the Company; and that the Executive may learn of Confidential Information during the course of employment. The Executive shall not disclose to any Person or use, other than as required by applicable law or for the performance of his duties and responsibilities to the Company, any Confidential Information obtained by the Executive incident to his employment with the Company. The Executive understands that this restriction shall continue to apply after his employment terminates, regardless of the reason for such termination.

b. All documents, records, tapes and other media of every kind and description containing Confidential Information, and all copies, (the "Documents"), whether or not prepared by the Executive, shall be the sole and exclusive property of the Company. The Executive shall return to the Company no later than the time his employment terminates all Documents then in the Executive's possession or control.

7. Assignment of Rights to Intellectual Property. The Executive shall promptly and fully disclose all Intellectual Property (as defined in Section 12) to the Company. The Executive hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Executive's full right, title and interest in and to all Intellectual Property. The Executive agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. All copyrightable works that the Executive creates in the performance of his duties hereunder shall be considered "work made for hire."

8. Restricted Activities.

a. While the Executive is employed by the Company and, except as otherwise provided in Section 8(b) or 8(c) below, for the period of two (2) years following the termination of the Executive's employment for any reason (including retirement) or, in the event of a termination for which the Executive is entitled to severance pay calculated with a Severance Multiplier of 1.5, for a period of eighteen (18) months following such termination, (as applicable, the "Non-Competition Period"), subject to the Company's compliance with the post-employment

terms of this Agreement, the Executive will not engage or participate in, directly or indirectly, alone or as principal, agent, employee, employer, consultant, investor or partner of, or assist in the management of, or provide advisory or other services to, or own any stock or any other ownership interest in, or make any financial investment in, any business or entity which is Competitive with the Company (as defined below); *provided*, *however*, that it shall not be a violation of the foregoing (i) for the Executive to own not more than two percent (2%) of the outstanding securities of any class of securities listed on a national exchange or inter-dealer quotation system or (ii) following termination of the Executive's employment with the Company, for the Executive to provide services to any business or entity that has a line of business, division, subsidiary or other affiliate that is Competitive with the Company if the Executive is not employed in such line of business or division or by such subsidiary or other affiliate and is not involved, directly or indirectly, in the management, supervision or operations of such line of business, division, subsidiary or affiliate that is Competitive with the Company. For purposes of this Agreement, a business or entity shall be considered "Competitive with the Company" if such business or entity provides or is engaged in, at any time during the Non-Competition Period (A) asset management, brokerage, investment advisory and insurance services, including services related to financial advisors for open end and closed end public mutual funds, or (B) any other businesses in which the Company and its subsidiaries were engaged, or any material products and/or services that the Company or its subsidiaries were actively developing or designing, in each case under this clause (B) as of the date the Executive's employment with the Company terminated, provided that, prior to such termination, the Executive knew of such other business or such material product or such service under active development or design. In addition, during the Non-Competition Period, the Executive will not (other than when acting on behalf of the Company during the Executive's employment) (i) solicit, or attempt to solicit, any existing or prospective customers, targets, suppliers, financial advisors, officers or employees of the Company or any of its subsidiaries to terminate their relationship with the Company or any of its subsidiaries or (ii) divert, or attempt to divert, from the Company or any of its subsidiaries any of its customers, prospective customers, targets, suppliers, financial advisors, officers or employees or (iii) hire or engage or otherwise contract with, or attempt to hire or engage or otherwise contract with, any officers, employees or financial advisors of the Company, whether to be an employee, officer, agent, consultant or independent contractor; *provided*, *however*, that nothing in this Section 8(a) shall be deemed to prohibit the Executive from soliciting a customer, prospective customer, target or supplier of the Company or any of its subsidiaries during the Non-Competition Period if such action relates solely to a business which is not Competitive with the Company. A customer, prospective customer, target, supplier, financial advisor, officer or employee of the Company or any of its subsidiaries is any one who was such within the preceding twelve months, excluding, however, any prospective customer or target which was solicited solely by mass mailing or general advertisement during that period and any officer, employee or financial advisor whose relationship with the Company was terminated by the Company or any of its subsidiaries other than for circumstances that would constitute "cause" (within the meaning of any such definition applicable to such officer, employee or financial advisor, or, if no such definition is applicable, "cause" as defined in Section 14 of the form of option agreements under the 1999 Stock Option Plan for Incentive Stock Options and/or 1999 Stock Option Plan for Non-Qualified Options) and provided further, with respect to the Company's subsidiaries, that the Executive during his employment with the Company was introduced to, or otherwise knew of or should have known of the relationship of,

such customer, prospective customer, target, supplier, financial advisor or employee to the subsidiary.

b. Notwithstanding anything herein to the contrary, in the event that the Executive terminates his employment hereunder without Good Reason, the Executive shall, at the Company's election, which election shall be provided to the Executive prior to the date of termination, (1) receive the payments and benefits specified in Section 5(e) with a Severance Multiplier of one (1) and be subject to a Non-Competition Period which shall continue

for two (2) years following the date of termination of the Executive's employment, or (2) receive no payments and benefits specified in Section 5(e) and be subject to a Non-Competition Period which shall continue for one (1) year following the date of termination of the Executive's employment.

c. The Executive may seek a waiver from the Company of his obligations pursuant to this Section 8, which waiver shall not be unreasonably withheld or delayed. As of the date of the grant of such waiver by the Company, all payments and benefits under the applicable provision of Section 5 shall cease (other than the payment of Final Compensation, excluding the payments and benefits under clause (v) of the definition thereof which shall cease or be reimbursed by the Executive on a pro-rata basis for the waived time period of the one (1) year Non-Competition Period, as applicable or Accrued Compensation, as applicable).

9. Reasonableness; Enforcement. The Company and the Executive acknowledge that the time, scope, geographic area and other provisions of Sections 6, 7 and 8 (the "Covenants") have been specifically negotiated by sophisticated parties and agree that all such provisions are reasonable under the circumstances of the activities contemplated by this Agreement. The Executive acknowledges and agrees that the terms of the Covenants: (i) are reasonable in light of all of the circumstances, (ii) are sufficiently limited to protect the legitimate interests of the Company, (iii) impose no undue hardship, (iv) are not injurious to the public, and (v) are essential to protect the business and goodwill of the Company and its affiliates and are a material term of this Agreement which has induced the Company to agree to provide for the payments and benefits described in this Agreement and induced Holdings to enter into the Merger Agreement. The Executive further acknowledges and agrees that the Executive's breach of the Covenants will cause the Company and Holdings irreparable harm, which cannot be adequately compensated by money damages. The Executive and the Company agree that, in the event of an actual or threatened breach of Section 8, the Company shall be entitled to injunctive relief for any actual or threatened violation of any of the Covenants in addition to any other remedies it may have at law or equity, including money damages.

10. Survival. Provisions of this Agreement shall survive any termination if so provided herein or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation the obligations of the Executive under Sections 6, 7, 8 and 9 hereof and the obligations of the Company pursuant to Section 5 hereof.

11. Conflicting Agreements. The Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which the Executive is a party or is bound and that the Executive is not now subject to any covenants against competition or similar covenants or any

court order or other legal obligation that would affect the performance of his obligations hereunder. The Executive will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

12. Definitions. Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this Section and as provided elsewhere herein. For purposes of this Agreement, the following definitions apply:

a. "Change in Control" means the consummation, after the date of Closing, of (i) any consolidation or merger of the Company with or into any other Person, or any other corporate reorganization, transaction or transfer of securities of the Company by its stockholders, or series of related transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization or transaction, own, directly or indirectly, capital stock either (A) representing directly or indirectly through one or more entities, less than fifty percent (50%) of the equity economic interests in or voting power of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction or (B) that does not directly, or indirectly through one or more entities, have the power to elect a majority of the entire board of directors or other similar governing body of the Company or other surviving entity immediately after such consolidation, merger, reorganization or transaction, (ii) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of fifty percent (50%) of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its "affiliates" or "associates" (as such terms are defined in the Exchange Act Rules) or any "group" (as defined in the Exchange Act Rules) other than, in each case, the Company or an Affiliate of the Company immediately following the Closing, or (iii) a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a "Business Combination"), provided that, notwithstanding the foregoing, the following transactions shall in no event constitute a Change in Control: (A) a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving or acquiring corporation in such transaction or (B) an IPO.

b. "Confidential Information" means any confidential proprietary information relating to the business of the Company or its affiliates or their respective customers or clients which has an economic value to the Company or its affiliates. Confidential Information does not include any information that enters the public domain other than through a breach by the Executive of his duties to the Company hereunder or which is obtained by the Executive from a third party which has no obligation of confidentiality to the Company.

c. "Fair Market Value" means, as of any date, the Board of Directors' good faith determination of the fair market value, taking into an account the most recent annual valuation (which shall be required to be conducted by an independent appraiser at least annually) and updated by the Company in good faith for the most recently ended quarter.

d. "Initial Public Offering" or "IPO" means the initial offering of stock to the public by the Company or stockholders of the Company or Holdings requiring registration under the Securities Act.

e. "Intellectual Property" means any invention, formula, process, discovery, development, design, innovation or improvement (whether or not patentable or registrable under copyright statutes) made, conceived, or first actually reduced to practice by the Executive solely or jointly with

others, during his employment by the Company; provided, however, that, as used in this Agreement, the term "Intellectual Property" shall not apply to any invention that the Executive develops on his own time, without using the equipment, supplies, facilities or trade secret information of the Company, unless such invention relates at the time of conception or reduction to practice of the invention (a) to the business of the Company, (b) to the actual or demonstrably anticipated research or development of the Company or (c) results from any work performed by the Executive far the Company.

f. "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than the Company or any of its subsidiaries.

13. Withholding. All payments or other benefits, to the extent required by law, made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

14. Legal Fees. The Company shall at its election either pay directly the joint legal expenses incurred by the Executive and the other executives of the Company with whom the Company is entering into employment agreements effective as of the Closing in the negotiation and preparation of their employment agreements or reimburse the Executive for his portion of such joint legal expenses. In addition, all reasonable costs and expenses that are reasonably documented (including court and arbitration costs and reasonable legal fees and expenses that reflect common practice with respect to the matters involved) incurred by the Executive as a result of any claim, action or proceeding arising out of this Agreement or the contesting, disputing or enforcing of any provision, right or obligation under this Agreement shall be paid, or reimbursed to the Executive, if, in the final resolution of the dispute, the Executive either recovers material monetary damages (in cash or in kind, such as benefits) or is the prevailing party on a material non-monetary claim (such as a dispute regarding a restrictive covenant).

15. Dispute Resolution.

a. Except as provided in Section 9, any dispute, controversy or claim between the parties arising out of this Agreement or the Executive's employment with the Company or termination of employment shall be settled by arbitration conducted in the city in which the Executive is located administered by the American Arbitration Association under its Employment Dispute Resolution Rules then in effect (except as modified by b. below).

b. In the event that a party requests arbitration (the "Requesting Party"), it shall serve upon the other party (the "Non-Requesting Party"), within one hundred and eighty (180) days of the date the Requesting Party knew, or reasonably should have known, of the facts

on which the controversy, dispute or claim is based, a written demand for arbitration stating the substance of the controversy, dispute or claim, the contention of the party requesting arbitration and the name and address of the arbitrator appointed by it. The Non-Requesting Party, within sixty (60) days of such demand, shall accept the arbitrator or appoint a second arbitrator and notify the other party of the name and address of this second arbitrator so selected, in which case the two arbitrators shall appoint a third who shall be the sole arbitrator to hear the case. In the event that the two arbitrators fail in any instance to appoint a third arbitrator within thirty (30) days of the appointment of the second arbitrator, either arbitrator or any party to the arbitration may apply to the American Arbitration Association for appointment of the third arbitrator in accordance with the Rules, which arbitrator shall be the sole arbitrator to hear the case. Should the Non-Requesting Party (upon whom a demand for arbitration has been served) fail or refuse to accept the arbitrator appointed by the other party or to appoint an arbitrator within sixty (60) days, the single arbitrator shall have the right to decide alone, and such arbitrator's decision or award shall be final and binding upon the parties.

c. The decision of the arbitrator shall be in writing; shall set forth the basis for the decision; and shall be rendered within thirty (30) days following the hearing. The decision of the arbitrator shall be final and binding upon the parties and may be enforced and executed upon in any court having jurisdiction over the party against whom enforcement of such award is sought.

16. No Withholding of Undisputed Payments. During the pendency of any dispute or controversy, the Company shall not withhold any payments or benefits due to the Executive, whether under this Agreement or otherwise, except for the specific portion of any payment or benefit that is the subject of a bona fide dispute between the parties.

17. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns.

18. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

20. Notices. Any and all notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be effective when delivered in

person or the next business day following consignment for overnight delivery to a reputable national overnight courier service or five business days following deposit in the United States mail, postage prepaid, registered or certified, and addressed to the Executive at his last known address on the books of the Company or, in the case of the Company, at its principal place of business, attention of the Chairman of the Board, or to such other address as a party may specify by notice to the other actually received. Copies of any notices, requests, demands and other communication to the Company by the Executive shall be sent by the to the Investors at the following address: c/o Texas Pacific Group, 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, Attn: Richard Schifter (Fax: 415-743-1501) and c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, CA 94111, Attn: Jeffrey Goldstein (Fax: 415-835-5408).

21. Entire Agreement. This Agreement and the Indemnification Agreement constitute the entire agreement between the parties and supersede all prior communications, agreements and understandings, written or oral, with respect to the terms and conditions of the Executive's employment including without limitation the Management Arrangements — Summary of Key Terms.

22. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by an authorized representative of the Company subject to prior approval by the Board.

23. Headings. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement.

24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

25. Governing Law. This is a Massachusetts contract and shall be construed and enforced under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws principles thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed as a sealed instrument by the Company, by its duly authorized representative, and by the Executive, as of the date first above written.

THE EXECUTIVE

By: /s/ Steven M. Black
Name: Steven M. Black

THE COMPANY

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

In addition, BD Investment Holdings Inc. agrees to be bound by the terms of Section 4(c) of the Employment Agreement which is expressly applicable to BD Investment Holdings Inc.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made as of December 28, 2005 (the "Closing Date"), by and between each of BD Investment Holdings Inc. ("Holdings"), LPL Holdings, Inc., a Massachusetts corporation ("LPL", and together with Holdings, each a "Company"), and Steven M. Black (the "Indemnitee"), an officer and/or director of a Company.

RECITALS

WHEREAS, although the Restated Articles of Organization and the By-laws of LPL provide for indemnification of the officers and directors of LPL and the Indemnitee may also be entitled to indemnification pursuant to the Massachusetts Business Corporation Act, the Massachusetts Business Corporation Act expressly contemplates that contracts may be entered into between LPL and officers of LPL and/or members of the Board of Directors of LPL with respect to indemnification of officers and directors; and

WHEREAS, the Indemnitee's continued service to each Company substantially benefits the Companies; and

WHEREAS, each of the Boards of Directors of LPL and Holdings has determined that it is in the best interest of the Companies and that it is reasonably prudent and necessary for each Company contractually to obligate itself to indemnify, and to pay, on a current basis, expenses in advance of a final disposition of any Proceeding on behalf of the Indemnitee to the fullest extent permitted by applicable law in order to induce the Indemnitee to serve or continue to serve the Companies free from undue concern that the Indemnitee will not be so indemnified or that any indemnification obligation will not be met; and

WHEREAS, this Agreement is a supplement to and in furtherance of (a) the Restated Articles of Organization and Bylaws of LPL, and (b) the certificate and bylaws or partnership agreement, as the case may be, of Holdings and any Enterprise (as defined below) and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of the Indemnitee thereunder; and

WHEREAS, the Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Companies and certain other Enterprises on the condition that the Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, each Company and the Indemnitee do hereby covenant and agree as follows:

1. *Definitions*. For purposes of this Agreement, the following terms shall have the meanings hereafter assigned to them:

(a) "Corporate Status" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or of any other Enterprise.

(b) A "Disinterested Director" shall mean a director of the applicable Company who, at the time of a vote referred to in the definition of Reviewing Party is not (i) the Indemnitee, (ii) a Party to (or a participant in) the Proceeding for which indemnification is sought or (iii) an individual having a familial, financial, professional or employment relationship with the Indemnitee, which relationship would, in the circumstances, reasonably be expected to exert an influence on such director's judgment when voting on the decision being made.

(c) "Enterprise" shall mean (i) the Companies and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Companies and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, in each case, of which Indemnitee is or was serving at the request of a Company. For purposes of this Agreement, a director or officer will be considered to be serving on an employee benefit plan at a Company's request if the individual's duties to such Company also impose duties on, or otherwise involve services by, the individual to the plan.

(d) "Expenses" shall mean all reasonable expenses, including, but not limited to, attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses shall include such fees and expenses, and costs incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by the Indemnitee or the amount of judgments or fines against the Indemnitee.

(e) "Fines" shall mean any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of a Company" shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of a Company or an Enterprise which imposes duties on, or involves services by, such director, trustee, general partner, managing member, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Companies" as referred to in this Agreement.

(f) An "Indemnifiable Event" shall mean any Proceeding in which the Indemnitee was, is or will be involved as a Party or otherwise by reason of the fact that the Indemnitee is or was an officer or director of any of the Companies or the Enterprises, by reason

of any acts or omissions on his part while acting as an officer or director of such Company, or by reason of the fact that he is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, in each case whether or not serving in such capacity at the time any Expense, judgment, fine or amount paid in settlement is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(g) An "Indemnitee Statement" shall mean a written demand by the Indemnitee to a Company for a payment pursuant to Section 2(b) of this Agreement, accompanied by a written statement, dated the date of such statement, from the Indemnitee to a Company in which the Indemnitee (i) affirms, with respect to the applicable Indemnifiable Event, the Indemnitee's good faith belief that the Indemnitee has met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act or that the Proceeding involves conduct for which liability has been eliminated under such Company's articles of organization or bylaws and (ii) undertakes to repay any funds paid in advance of a final disposition of a Proceeding (or funds paid directly by a Company advance of a final disposition of a Proceeding) if, with respect to the applicable Indemnifiable Event, the Indemnitee is not entitled to indemnification under applicable law as ultimately determined by a court of competent jurisdiction or by the Reviewing Party that the Indemnitee has not met the relevant standard of conduct described in Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(h) An "IPO" shall mean an underwritten initial public offering or public offering of shares of BD Investment Holdings Inc. pursuant to a registration statement under the Securities Act of 1933, as amended, or any successor federal statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

(i) A "Liability" shall mean an obligation to pay a judgment, settlement, penalty, and/or Fine (including an excise tax assessed with respect to an employee benefit plan) in connection with an Indemnifiable Event and any Expenses incurred in connection with an Indemnifiable Event.

(j) A "Party" shall mean an individual who was, is, or is threatened to be made, a defendant or respondent in a Proceeding. The Indemnitee shall be considered a "Party" in a Proceeding in which the Indemnitee seeks a declaratory judgment with respect to matters related to an Indemnifiable Event. In addition, the Indemnitee shall be considered a Party for all aspects of an Indemnifiable Event even though the Indemnitee asserts counter-claims or cross-claims.

(k) "Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, other than a Company or any of its subsidiaries.

(l) A "Proceeding" shall mean any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of a Company or otherwise, whether informal or formal, and whether of a civil,

criminal, administrative or investigative nature, including, without limitation, any such proceeding pending as of the date of this Agreement.

(m) The "Reviewing Party" in connection with an Indemnifiable Event shall be, as selected by the Indemnitee in his or her sole discretion:

(i) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, such Board of Directors acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(ii) a Special Legal Counsel nominated by the Indemnitee and selected by

(a) if there are two or more Disinterested Directors on the Board of Directors of the applicable Company, the Board of Directors of such Company acting by majority vote of all Disinterested Directors, or by a majority of the members of a committee of the Board of Directors of such Company consisting of two or more Disinterested Directors; or

(b) if there are fewer than two Disinterested Directors on the Board of Directors of the applicable Company, the full Board of Directors of the Company, with directors who do not qualify as Disinterested Directors eligible to vote; or

(iii) prior to an IPO, the shareholders of the applicable Company acting by the vote required for ordinary corporate actions, except that shares owned by or voted under the control of (A) a director of such Company who at the time does not qualify as a Disinterested Director or (B) the Indemnitee may not be voted on the determination.

(n) "Special Legal Counsel" shall mean, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and (b) is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Company or the Indemnitee in any matter material to either such party (other than as Special Legal Counsel), or (ii) any other Party to (or participant in) the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Special Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either of the Companies or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement. Each Company agrees to pay the reasonable fees and expenses of the Special Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

2. *Basic Arrangement*.

(a) In the event the Indemnitee is a Party in an Indemnifiable Event, subject only to limitations expressly imposed by the terms of this Agreement, each Company shall indemnify the Indemnitee for any associated Liabilities to the fullest extent permitted by law. Subject to Section 2(f) and in accordance with the procedures set forth in Section 3, any

indemnification pursuant to this Section 2(a) must be determined by the Reviewing Party to be permissible under the Massachusetts Business Corporation Act in the specific Proceeding. Each Company shall make any such payment to which the Indemnitee is entitled pursuant to this Section 2(a) as soon as practicable but in no event later than five (5) days after determination by the Reviewing Party.

(b) Notwithstanding anything to the contrary, before the final disposition of an Indemnifiable Event in which the Indemnitee is a Party, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expenses (an "Expense Advance") within ten (10) days after the receipt by a Company of a statement or statements requesting such advances from time to time, provided that the Indemnitee delivers an Indemnitee Statement. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(c) Pursuant to Section 8.58(a) of the Massachusetts Business Corporation Act, this Agreement shall constitute authorization to provide indemnification, pay funds, on a current basis, and reimburse expenses under Subdivision E of Part 8 of the Massachusetts Business Corporation Act.

(d) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities in connection with an Indemnifiable Event or any other Proceeding involving the Companies or Enterprises, in either case, in which the Indemnitee is a witness but not a Party. If the Companies do not pay directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(d) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(e) Each Company shall be liable to indemnify the Indemnitee and pay for or reimburse the Indemnitee's Liabilities incurred by or on behalf of the Indemnitee (i) in taking any action to enforce any provision of this Agreement, including all Expenses incurred bringing a claim, counterclaim or cross claim in a legal proceeding, arbitration or otherwise to enforce this Agreement or any provisions of this Agreement or (ii) for recovery under any directors' and officers' liability insurance policy maintained by the Companies. If the Companies do not pay

directly for any Expenses incurred in connection therewith, each Company shall be obligated to pay, on a current basis, any and all funds to pay for or reimburse the Indemnitee's Expense for which the Indemnitee is entitled pursuant to this Section 2(e) within ten (10) days after receipt by a Company of a written demand for reimbursement signed by the Indemnitee. Such advances (i) shall be unsecured and interest free; (ii) shall be made without regard to the Indemnitee's ability to repay the advances and without regard to the Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement; and (iii) shall include any and all Expenses incurred pursuing an action to enforce this right of payments, on a current basis, including Expenses incurred preparing and forwarding statements to a Company to support the advances claimed. The Indemnitee shall qualify for advancement of Expenses solely upon the execution and delivery to a Company of the Indemnitee Statement.

(f) Notwithstanding any other provisions of this Agreement, to the extent that the Indemnitee is a Party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding in connection with an Indemnifiable Event or in defense of any claim, issue or matter therein, in whole or in part, each Company shall be liable to indemnify the Indemnitee against all Liabilities incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, each Company shall be liable to indemnify Indemnitee against all Liabilities incurred by the Indemnitee or on the Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, each Company also shall be liable to indemnify the Indemnitee against all Expenses reasonably incurred in connection with any claim, issue or matter that is related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(g) For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(1) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that permits a corporation to indemnify its officers and directors, including, without limitation, the indemnification permitted by Section 8.56 for officers;

(2) to the fullest extent permitted by the provision of the Massachusetts Business Corporation Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Massachusetts Business Corporation Act; and

(3) to the fullest extent authorized or permitted by any amendments to or replacements of the Massachusetts Business Corporation Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. *Procedure Upon Application for Indemnification.*

(a) In order to obtain indemnification under this Agreement, the Indemnitee shall, anytime following Indemnitee's submission of an Indemnitee Statement to a Company, and consistent with the time period of this Agreement as set forth in Section 5 of this Agreement, submit to a Company a written request for indemnification pursuant to this Section 3(a). No determination of Indemnitee's entitlement to indemnification shall be made until such written request for a determination is submitted to a Company pursuant to this Section 3(a). The failure to submit a written request to a Company will relieve the Companies of their indemnification obligations under this Agreement only to the extent the Companies can establish that such failure to make a written request resulted in actual prejudice to it, and the failure to make a written request will not relieve the Companies from any liability which it may have to indemnify the Indemnitee otherwise than under this Agreement. The Companies shall, promptly upon receipt of such a request for indemnification, advise the Boards of Directors of the Companies in writing that the Indemnitee has requested indemnification.

(b) The Indemnitee shall cooperate with the Reviewing Party making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such Reviewing Party upon request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by the Indemnitee in so cooperating with the Reviewing Party, as the case may be, making such determination shall be advanced and borne by the Companies (where the Indemnitee executes and delivers to the Company the Indemnitee Statement) irrespective of the determination as to the Indemnitee's entitlement to indemnification) and the Companies are liable to indemnify and hold the Indemnitee harmless therefrom.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted an Indemnitee Statement, and each Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any of the Companies (including by their Boards of Directors) or of Special Legal Counsel to have made a determination prior to the commencement of any judicial proceeding or arbitration pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by any of the Companies (including by their Boards of Directors) or by Special Legal Counsel that the Indemnitee has not met such applicable standard of conduct shall create a presumption that the Indemnitee has not met the applicable standard of conduct.

(d) If the Reviewing Party shall not have made a determination within sixty (60) days after receipt by a Company of the Indemnitee's written request for indemnification pursuant to Section 3(a) of this Agreement, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a failure by the Indemnitee to comply with Section 3(b) hereof, (ii) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to

make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the Special Legal Counsel making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(e) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not meet any particular standard of conduct required pursuant to this Agreement.

(f) For purposes of any determination of good faith, the Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action or failure to act is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to the Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 3(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(g) The knowledge and/or actions, or failure to act, of any other director, partner, managing member, officer, agent, employee or trustee of the Enterprise shall not be imputed to the Indemnitee for purposes of determining his right to indemnification under this Agreement.

4. *Remedies.*

(a) In the event that (i) a determination is made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) payment of Expenses, on a current basis, is not timely made pursuant to Section 2 of this Agreement, (iii) payment of Expenses is not made pursuant to Section 2 or the last sentence of Section 3(b) of this Agreement within ten (10) days after receipt by a Company of a written request therefor, (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement), (iv) payment of indemnification pursuant to Section 2 of this Agreement is not made within ten (10) days after a determination has been made that the Indemnitee is entitled to indemnification, or (v) there is any breach of this Agreement, the Indemnitee shall be entitled to seek an adjudication by a court of competent jurisdiction as to his entitlement to such indemnification or payment of Expenses, on a current basis. Alternatively, under the circumstances in clauses (i) through (v), the Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Companies shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. If the Indemnitee has commenced adjudication or arbitration to secure a determination, with respect to an Indemnifiable Event, that the Indemnitee is entitled to indemnification under this Agreement,

any determination made by the Reviewing Party that indemnification of the Indemnitee is not permissible under the Massachusetts Business Corporation Act with respect to such Indemnifiable Event shall not be binding, and (where the Indemnitee has executed and delivered to the applicable Company the Indemnitee Statement) the Indemnitee shall not be required to reimburse the Companies for any Expense Advance until a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that indemnification is not legally permissible is made with respect to such matter.

(b) In the event that a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration, commenced pursuant to this Section 4, shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and the Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 4, each Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 2(a) of this Agreement that the Indemnitee is entitled to indemnification, the Companies shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 4, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indenmitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that the Indemnitee is a Party to (or a participant in) a judicial proceeding or arbitration pursuant to this Section 4 concerning the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Companies, and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee (where, with respect to an Indemnifiable Event, the Indemnitee has executed and delivered to the Company the Indemnitee Statement) in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from each Company (who shall be liable therefor), and shall be indemnified by each Company against, any and all Expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Companies shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Companies are bound by all the provisions of this Agreement.

5. *Duration of the Agreement*. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that the Indemnitee shall have ceased to serve as a director of any of the Companies or as a director, partner, managing member, officer, employee, agent or trustee of any other Enterprise; or (b) 1 year after the final termination (i) of any Proceeding (including any rights of appeal) then pending in respect of which the Indemnitee requests indemnification or advancement of Expenses hereunder and (ii) of any judicial

proceeding or arbitration pursuant to Section 4 of this Agreement (including any rights of appeal) involving the Indemnitee. This Agreement shall be binding upon each Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his heirs, executors and administrators.

6. *Non-exclusivity, Etc.* The rights of indemnification and to receive payment of Expenses, on a current basis, as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Companies' or any other Enterprise's Articles of Organization, the Companies' or any other Enterprise's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of the Indemnitee under this Agreement in respect to any action taken or omitted by such Indemnitee in the Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Massachusetts law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Companies' or any other Enterprise's Bylaws and this Agreement, it is the intent of the parties hereto that the Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

7. *Liability Insurance*. To the extent that the Companies maintain an insurance policy or policies providing liability insurance for directors, partners, managing members, officers, employees, agents or trustees of the Companies or of any other Enterprise, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, partner, managing member, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2 hereof, the Companies have director and officer liability insurance in effect, the Companies shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. Each Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The Companies shall maintain an insurance policy or policies for directors, partners, managing members, officers, employees, agents or trustees of the Companies and of all Enterprises in an amount reasonably acceptable to the Chief Executive Officer of LPL.

8. *Amendments, Etc.* No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9. *Subrogation*. In the event of payment under this Agreement, the Companies shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee,

who shall execute all such papers and do all such things as may be necessary or desirable to secure such rights.

10. *No Duplication of Payments*. The Companies shall not be liable under this Agreement to make any payment in connection with any Proceeding involving the Indemnitee to the extent the Indemnitee has otherwise received payment (under any insurance policy, the Companies' articles of organization or by-laws or otherwise) of the amounts otherwise indemnifiable hereunder.

11. *Contribution*. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to the Indemnitee for any reason whatsoever, each Company, in lieu of indemnifying the Indemnitee, shall contribute to the amount incurred by the Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an Indemnifiable Event under this Agreement, in such proportion in order to reflect (i) the relative benefits received by the Companies and the Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officer, employees and agents) and the Indemnitee in connection with such event(s) and/or transaction(s).

12. *Binding Effect, Etc.* This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including, with respect to the Companies, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Companies, and including, with respect to the Indemnitee, the Indemnitee's estate, heirs and personal representatives. This Agreement shall continue in effect regardless of whether the Indemnitee continues to serve as an officer or director of the Companies or of any other Enterprise.

13. *Severability*. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

14. *Notices*. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to the Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as the Indemnitee shall provide in writing to the Company, with a copy to Julie Jones, Esq., Ropes & Gray LLP, One International Place, Boston, MA 02110.

(b) If to any of the Companies to: LPL Holdings, Inc., One Beacon Street, 22nd Floor, Boston, MA 02108, Attn: Secretary (or, if the Indemnitee is at such time the Secretary, to the President of the Company).

15. *Entire Agreement*. This Agreement constitutes the entire agreement between the parties and supersedes all prior communications, agreements and understandings, written or oral, with respect to indemnification of the Indemnitee by the Companies for Indemnitee's service to the Companies, provided, however, that this Agreement shall in no way diminish rights of the Indemnitee that accrued prior to the date of this Agreement.

16. *Governing Law*. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of law.

17. *References*. References to statutes, regulations and documents shall be deemed to mean such statutes, regulations and documents as amended from time to time and any successor statutes, regulations and documents.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

INDEMNITEE

By: /s/ Steven M. Black
Name: Steven M. Black

Address: 1478 Schoolhouse Way
San Marlos CA 92130

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LPL HOLDINGS, INC.

By: /s/ Mark S. Casady
Name: Mark S. Casady
Title:

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

BD INVESTMENT HOLDINGS INC.

By: /s/ Allen R. Thorpe
Name: Allen R. Thorpe
Title:

Exhibit 21.1

List of Subsidiaries

	Subsidiary*	Jurisdiction of Incorporation	Name Under Which the Subsidiary Does Business
1.	LPL Holdings, Inc.**	Massachusetts	LPL
2.	PTC Holdings, Inc.**	Ohio	PTC
3.	The Private Trust Company	Ohio	PTC
4.	Innovex Mortgage, Inc.	California	Innovex
5.	Linsco/Private Ledger Corp.	California	LPL
6.	Independent Advisors Group Corp.	Delaware	IAG
7.	UVEST Financial Services Group, Inc.	North Carolina	UVEST
8.	LPL Insurance Associates, Inc.	Delaware	LPL

* All subsidiaries are wholly owned, directly or indirectly, by the Registrant.

** Holding companies.