As filed with the Securities and Exchange Commission on October 5, 2020.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ROOT, INC.
(Exact name of Registrant as specified in its charter)

Delaware	6331	84-2717903
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

80 E. Rich Street, Suite 500
Columbus, Ohio 43215
(866) 980-9431
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Alexander Timm
Chief Executive Officer
Root, Inc.
80 E. Rich Street, Suite 500
Columbus, Ohio 43215
(866) 980-9431
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

David Peinsipp Nicole Brookshire Peter N. Mandel Cooley LLP 101 California Street, 5th Floor San Francisco, California 94111 (415) 693-2000	Jonathan A. Allison General Counsel & Secretary 80 E. Rich Street, Suite 500 Columbus, Ohio 43215 (866) 980-9431	Richard A. Kline Sarah B. Axtell Goodwin Procter LLP 601 Marshall Street Redwood City, California 94063 (650) 752-3100

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price[1][2]	Amount of Registration Fee
Class A common stock, $0.0001 par value per share	$100,000,000.00	$10,910.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated October 5th, 2020

PRELIMINARY PROSPECTUS

Shares
Root
Class A Common Stock

This is an initial public offering of shares of Class A common stock of Root, Inc.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price will be between $ and $ per share. We intend to apply to list our Class A common stock on the Nasdaq Stock Market under the symbol "ROOT".

Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes and is convertible at any time into one share of Class A common stock. All shares of our capital stock outstanding immediately prior to this offering, including all shares held by our executive officers, directors and their respective affiliates, and all shares issuable on the conversion of our outstanding preferred stock, will be reclassified into shares of our Class B common stock immediately prior to the completion of this offering. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding capital stock immediately following this offering.

We are an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

See the section titled "Risk Factors" beginning on page 19 to read about factors you should consider before buying our Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount[(1)]	$	$
Proceeds, before expenses, to us	$	$

(1) See the section titled "Underwriting" for additional information regarding compensation payable to the underwriters.

To the extent that the underwriters sell more than shares of Class A common stock, the underwriters have the option to purchase up to an additional shares of Class A common stock from us at the initial public offering price less the underwriting discount.

One or more funds affiliated with Dragoneer Investment Group, LLC has agreed to purchase, subject to entering into a definitive agreement, an aggregate of up to $250.0 million in shares of our Class A common stock in a private placement at a price per share equal to the initial public offering price. The sale of Class A common stock in this private placement will be contingent upon, and would close immediately subsequent to, the closing of this offering.

The underwriters expect to deliver the shares against payment in New York, New York on , 2020.

Goldman Sachs & Co. LLC **Morgan Stanley**

Barclays **Wells Fargo Securities**

Credit Suisse **Deutsche Bank Securities** **Evercore ISI** **Truist Securities**

Cantor **JMP Securities** **Siebert Williams Shank**

Prospectus dated , 2020


Root's all
about you.

Root focuses on what really matters —your driving.

Your braking, your turning, how much you drive, or how little —we focus on everything you're doing behind the wheel to make the road a safer place for all of us.

Better drivers deserve better rates.

Root

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Prospectus

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We have not authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, financial condition, results of operations and future growth prospects may have changed since that date.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, all references in this prospectus to "we," "us," "our," "our company" and "Root" refer to Root, Inc., and, where appropriate, our consolidated subsidiaries. Unless otherwise indicated, references to our "common stock" include our Class A common stock and Class B common stock..

ROOT, INC.

Overview

Root is a technology company revolutionizing personal insurance with a pricing model based upon fairness and a modern customer experience.

We have built a company that recognizes each individual is unique and puts customers in control, rewarding them for their actions. For centuries, traditional insurance companies have grouped people into risk pools and long relied on the 'law of large numbers' to produce acceptable pricing on an aggregate basis. Fairness at the individual level has been largely ignored. Root is different—we use technology to measure risk based on individual performance, prioritizing fairness to the customer. The way we design and deliver insurance is not a simple tweak to the traditional insurance model—we are fundamentally reinventing insurance through technology, data science and a maniacal focus on the customer. While our opportunity is expansive and our ambition is global, our story begins with U.S. auto insurance.

We believe the $266 billion U.S. auto insurance market is ripe for disruption. Traditional methods of pooled risk assessment are not personalized and are inherently less precise given individual behavioral data is underutilized or not measured as a component of the insurance risk assessment process. Systems and processes are typically old and we believe they are disconnected from the needs of consumers. Insurance agents are the primary form of distribution for traditional insurance and generally require expensive selling commissions, which increases the overall cost to the consumer. Our initial focus on auto insurance was motivated by how well-suited we believe the product to be for fundamental improvement through technology. We believe Root is the innovator to drive this transformation.

Auto insurance is required for the vast majority of drivers in the United States and we believe it is typically the first insurance policy purchased by consumers. As a result, our auto-first strategy establishes the foundation for an expansive lifetime relationship with the opportunity to add other personal insurance lines as customer needs evolve. Our strategy has also established the technological foundation for an enterprise software offering, diversifying our revenue streams over time.

The Root advantage is derived from our unique ability to segment individual risk based on complex behavioral data, a customer experience built for ease of use and a product offering made possible with our full-stack insurance structure:

- ***Behavioral Data and Proprietary Telematics.*** Our reinvention of auto insurance is made possible by the transparent collection and analysis of driving performance, which we believe is the most powerful predictor of accidents and the leading variable in our underwriting model. By collecting and synthesizing massive amounts of rich, sensory behavioral data across thousands of driving variables, including distracted driving, we strive to price based more on causality than correlation. This allows us to price our customers' policies more fairly—and in turn they pay premiums commensurate with their individual risk profile. While the notion of telematics has been around for decades, only recently has mobile technology made the concept adoptable at large scale.

Today, we believe we are the only property and casualty, or P&C, insurance carrier with a scaled proprietary telematics solution designed to price an entire book of business. We believe we have the largest proprietary data set of miles driven, driving behavior and associated claims experience in the market. This data advantage, matching driving performance to actual claims, provides proprietary insight around accident causality, which enables us to uniquely segment risk, make smarter pricing decisions and grow our business rapidly and deliberately.

- ***Root Customer Experience.*** Our mobile-first customer experience is designed to make insurance simple. Our customers can on-board through their mobile phone in as little as 47 seconds, without touching their keyboard. Customers start by simply scanning their license in our app, answering a few questions and taking their phone with them while they drive for two to four weeks, or the test drive—with no additional hardware or dongle required. Our customers can manage policy adjustments digitally, including through intelligent chat functions. In the event of an accident, claims can be adjudicated digitally, with many repairable claims resolved and paid within 24 hours.

- ***Full-Stack Insurance Structure.*** We are a full-stack insurance carrier which affords us complete autonomy with regards to the capabilities and features differentiating our product as well as our pace of innovation. We own and control nearly every aspect of policy design, origination, underwriting, claims and back-end processing, which enables us to iterate constantly and move quickly devoid of major third-party dependencies and inefficiencies. Additionally, we have the flexibility to adjust our use of reinsurance in response to market conditions, optimizing to a "capital-light" business model. We are licensed in 36 states, of which we are currently active in 30 states, and our goal is to be licensed in all 50 states by early 2021.

Our core data capabilities underpin a business model characterized by an incredibly powerful—and accelerating—flywheel. The data we collect feeds proprietary risk scoring models that assist us in identifying what we believe to be the riskiest 10 - 15% of drivers on the road, a group we have elected not to quote thus avoiding a risk segment that is up to two times more likely to get in an accident than our average targeted customer. Instead, we strive to quote the remaining population fairly, often at a lower price than competitors, and build a more attractive book of business that then contributes even more data to our flywheel. Meanwhile we believe that traditional auto insurance companies who continue to use pooled-risk underwriting without broad implementation of telematics will be less competitive for lower-risk drivers allowing us to continue acquiring and converting this customer segment and winning market share, while leaving higher-risk drivers with competitors.

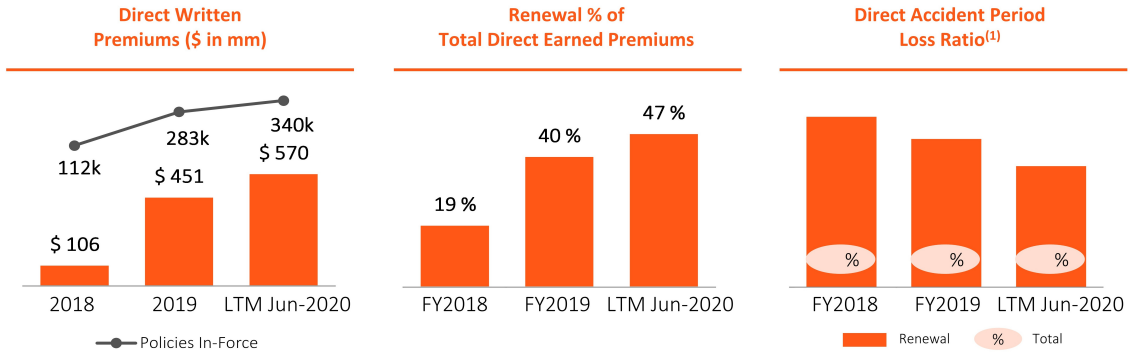
Growth is the key to unlocking the power of our total addressable opportunity. We believe the first player to reach scale with innovative data and machine-learning technology will have a profound risk segmentation and cost advantage, disproportionately taking market share. Competitors would face significant challenges to injecting an approach similar to ours into a traditional insurance model, absent a ground-up technology rebuild and years of data collection. This is the essence of the structural moat that we believe has enabled us to become a leader in this race for data-driven scale in the insurance industry.

We also have a distribution advantage as customer preferences continue migrating to direct channels, in particular mobile, where we acquire over 75% of our customers. We execute a combination of targeted digital marketing with companies such as Facebook and Google and an incredibly efficient, API- enabled partnership channel with deep integrations into captive audiences. Within digital marketing we use data science models to dynamically bid on the basis of expected lifetime value. Over time we believe the ongoing data we accumulate through growth will fuel a pricing advantage for target customers, driving improved conversion and a cost of acquisition advantage in all channels.

Our model is different from that of a traditional insurance company. We are high growth with a tangible distribution and cost-to-serve advantage. Our claims management expenses, as represented by our loss adjustment expense, or LAE, are in line with peers within only two years of bringing claims management in-house and we have room to improve as we further embed machine learning into our processes. We are realizing operating efficiencies as we scale against our fixed expense base. Our customer relationships are extending as retention grows and the cross-sell of homeowners and renters insurance accelerates. Finally, we have a "capital-light" capital management strategy

that prioritizes growth, sources efficient capital to support customer acquisition costs and utilizes risk mitigation tools to reduce exposure to tail events.

Over time we expect that our book of business will naturally mature as renewal premiums outweigh new premiums, driving profitability. Renewal premiums are characterized by lower loss ratios, and our accident period renewal loss ratio was significantly lower than our new business accident year loss ratio for the trailing 12- month period ended June 30, 2020. As our renewal premium base expands from 47% as of June 30, 2020 to align over time with an industry average of approximately 80%, we expect our direct loss ratios will fall sharply as will our marketing costs as a percent of total premium.



(1) Direct accident period loss ratio represents all losses and claims expected to arise from insured events that occurred during the period, regardless of when they are reported and finally settled. We also monitor our direct loss ratio. Changes to our loss reserves are the primary driver of the difference between our direct accident period loss ratio and direct loss ratio. For additional information regarding direct loss ratio, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators."

Our direct written premiums, or DWP, grew from $106.4 million in 2018 to $451.1 million in 2019. For the six months ended June 30, 2020, our DWP was $306.5 million. Our revenue was $43.3 million and $290.2 million in 2018 and 2019, respectively, and our net losses were $69.1 million and $282.4 million, respectively. For the six months ended June 30, 2020, our revenue was $245.4 million and our net loss was $144.5 million. See the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Results of Operations”.

Our Industry

Insurance is one of the oldest and largest markets in the world, touching every corner of the world and protecting our most important assets. Global P&C insurance premiums amount to $2 trillion annually.

Our primary addressable market today is U.S. personal lines insurance. This market exceeded $370 billion in 2019 premiums and has grown at a 5% compound annual growth rate, or CAGR, since 2014.

Over the past century, there have been only a few waves of innovative disruption within insurance. Perhaps the most disruptive was the advent of the internet as a distribution channel in the late 1990s which redefined the personal auto insurance market. We believe the rise of digital distribution is the primary driver of the $50 billion market share shift that has accrued to direct models over the last 20 years.

We believe the next technology-driven structural shift is underway—and this time the shift is not just distribution-related but a holistic change in the way insurance is priced and delivered.

- ***The way insurance is priced.*** The opportunity to price customer protection based on individual behavior rather than demographics has been advanced by mobile engagement and advanced data science, including machine learning. We strongly believe that in the future the vast majority of drivers on the road will have an insurance policy priced with telematics, with market leaders defined by their ability to translate data into

actionable insights around underwriting and pricing. In this regard, we believe the market is on the verge of a tipping point for which industry incumbents are generally unprepared.

- ***The way insurance is delivered.*** Over the last decade billions of dollars have been spent by venture capitalists and incumbents alike on insurance innovation and technology, yet the insurance experience is essentially the same. The products offered by traditional insurers have not changed much. The majority of premiums remain distributed through agents with extensive forms and in-person interviews and not through digital or mobile channels. Almost every claim is labor intensive.

We believe innovation has been slow within the P&C insurance industry, in part, because legacy systems are difficult to build upon and nearly impossible to replace. Also impacting the pace of innovation is institutional friction, generated by, the cost and perceived risk of a requisite ground-up technology rebuild, disruption of carrier-agent relationships and the business model implications of replacing broad pool-based pricing. Our proprietary technology and business model allow us to avoid these pain points and aggressively pursue the opportunity to be at the forefront of this structural shift.

Why We Will Win

We believe we are best positioned to gain disproportionate market share during this disruptive evolution of the insurance industry based on the following:

- *We are mobile first, today.* Our ability to drive fair, behavioral pricing depends on mobile. Mobile affords us seamless engagement and transparent data exchange. We do not believe a scaled behavioral-based pricing model is possible without broad mobile engagement.

- *Our customer value proposition is clear.* Relating to the customer segments we target, we lead our competition in what we believe are the two most important factors in selecting an insurance provider— price and experience.

- *We benefit from a powerful flywheel.* Our data and technology-driven value proposition attracts more customers, producing more data and completing a flywheel that only strengthens our competitive advantages as it turns.

- *Our technology gives us a head start.* Individualized, behavior-based pricing is not easy. However, we have what we believe is the largest set of miles tracked with proprietary telematics and associated claims, providing what we believe to be a four-year head start and a critical first mover advantage.

These four ingredients—mobile engagement, a clear value proposition, a powerful flywheel and differentiated technology—underlie what we believe is a massive competitive advantage and a barrier to entry that is insurmountable without an investment of time, resources and expertise akin to what we have invested since our founding. The industry shift towards individual performance-based pricing has begun and we do not expect it will reverse course. According to Willis Towers Watson, 93% of Millennials are willing to share their driving data, citing the ability to control their premiums as among the most important factors; we are prepared to serve them.

Our Behavioral Data and Proprietary Telematics

Our data represents one of our most prominent competitive advantages because we can uniquely segment risk. Our technology platform collects vast amounts of data from disparate sources, including telematics and claims, and aggregates this data into an integrated set from which we derive proprietary insights about our customers' driving performance, most importantly around the driving behavior that causes claims. By using telematics, we put our customer in control of their premiums from the start.

Why Telematics Matters

Our telematics process begins with data collection, which is then synthesized into a proprietary usage-based insurance, or UBI, score, an underwriting variable that we believe is the most powerful among the variables

currently used across the industry. A UBI score consists of an ensemble of modeled variables that are influential in determining both underwriting eligibility and pricing.

While there are competing companies that collect data, synthesize behavioral scores, and price risk, we believe we are the only company performing all three functions. This is particularly important as the entire process benefits from fast-paced structural iterations, such as enhancing data collection mechanisms immediately upon observing a statistical trend.

Telematics is the Root of our Data Advantage

Telematics is the foundation of our data advantage and risk segmentation capabilities for the following reasons:

- *Massive data set.* The Root app analyzes thousands of driving variables and is capable of collecting many data points per second through the driver's mobile device. We have collected data from over 10 billion miles and hundreds of thousands of claims.
- *Predictive power.* We believe driving behavior is the most powerful predictor of losses, and we measure this through telematics. Over time we hope to remove all correlation variables from our pricing model in favor of a purely behavior-based approach, beginning with our initiative announced in August 2020 to remove credit scores from underwriting.
- *Foundation of our flywheel.* Our behavioral data allows us to further refine prices, typically offering our targeted customers quotes below those offered by our competitors, which drives conversion, drawing more customers and providing more data to our platform.
- *Manage loss ratios.* Effectively harnessed, telematics-based pricing models are far more accurate than models built on traditional, demographic-based underwriting variables, enabling us to segment risk and deliver lower loss ratios which we can share with our customers in the form of better prices.

Integrating Telematics with Claims

The hallmark of our data advantage is our integrated set of actual claims and associated proprietary telematics, which we believe to be the largest in the market. We match miles tracked, on an individual basis, with actual claims and identify a set of driving performance factors that cause, or on a relative basis are more likely to cause, accidents. For example, hard braking very often flags a near miss, an accident that almost happened. We have observed over time that drivers who report claims have typically applied hard braking at a greater frequency than drivers with a limited or no claims history. This integrated data set drives a UBI score that is almost ten times more predictive than a leading third-party provider, according to Milliman, Inc., or Milliman, an independent third-party actuarial and consulting firm.

How our Capabilities Have Evolved

We launched our insurance in 2016 with UBI scoring performed by a regulator-approved third-party telematics provider while we simultaneously built our own proprietary telematics solution. The third-party base case of predictive power underperformed our expectations but provided a reference point from which we measure our own scoring solution that now extends to the third generation of our UBI score, Root UBI 3.14. Each generation has represented a step change in predictive accuracy:

- *Root UBI 1.0.* Built in 2016 and leveraging 100,000 trips and over 2 million miles, but without explicit claims integration. With GPS-only input data, Root UBI 1.0 had four times the predictive power than did our original third-party solution
- *Root UBI 2.0.* Built in 2018 and leveraging 50 million trips, 700 million miles and 3,000 claims. This capability improved upon motion input, such as hard braking, by leveraging accelerometers and gyroscopes.

- *Root UBI 3.14.* Built in 2020, our latest generation delivers almost ten times the predictive power versus our original third-party solution, leveraging over 10 billion miles driven and hundreds of thousands of claims. The impact of our constantly improving predictive power is that Root UBI 3.14 is better able to identify the best and worst underwriting risks. The predictive power of Root UBI 3.14 was assessed by Milliman by evaluating the reduction in mean-squared error of predicted loss ratios, a measurement of the quality of a predictive model across an entire distribution.

It took us over two and a half years to graduate from our first generation (Root UBI 1.0) to our second generation (Root UBI 2.0) capability. Our most recent graduation, from Root UBI 2.0 to Root UBI 3.14 took less than two years and extended our predictive power to almost ten times our original third-party solution, illustrating the power of our flywheel. As we acquire more customers, aggregate more data and test and add new variables, the pace of improvement in our predictive power capabilities accelerates.

Root Customer Experience

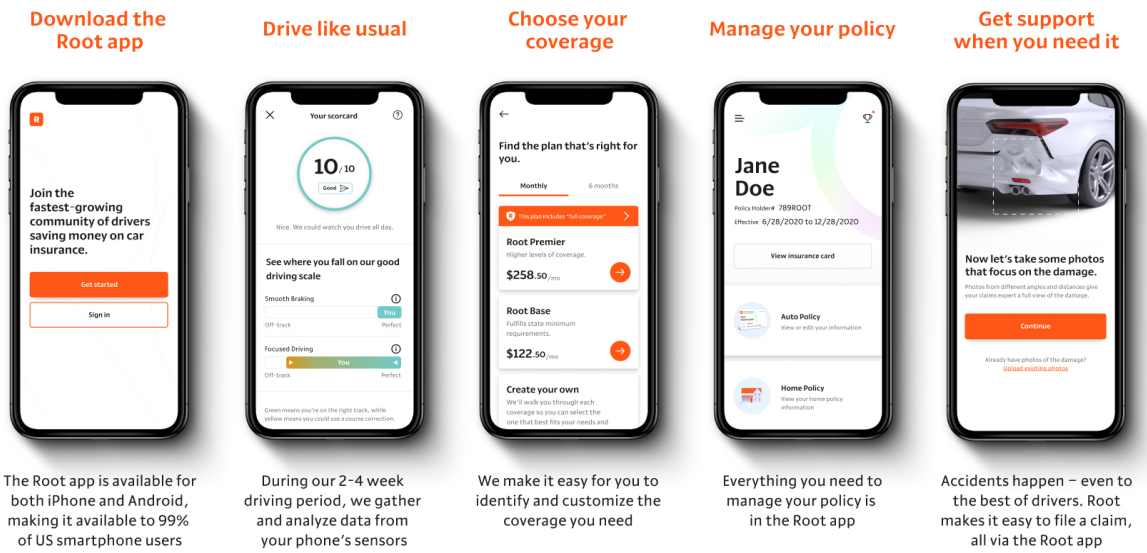
We meet our customers where they are, on their mobile phone, with a user-friendly interface and convenient, efficient experience. This is the mantra that drives our mobile-first engagement strategy and underpins both our user experience and our fundamental business model, notably around data.

Engaging our customers and prospective customers directly through the mobile device gives us access to an underutilized distribution channel, mobile, through which many incumbents have historically had difficulty profitably acquiring customers. Through our hyper-targeted, data-driven and ever-improving performance marketing capabilities, we have been able to acquire customers for below the average cost of doing so through each of the direct and agent-based channels.

A primary reason the mobile channel works for us is that we make it easy from the beginning. App installation and initial engagement is intuitive and customers can easily identify the coverage they need in everyday language, including offering bundling options which clearly lay out associated cost savings.

Mobile devices are also the foundation for collecting telematics data from our customers. Sophisticated technologies such as accelerometers and gyroscopes, originally designed to support gaming functionality on mobile devices, can extract rich sensory data, allowing us to analyze driving behavior in ways not previously possible and to thereby customize pricing.

Our mobile engagement extends across the customer experience and value chain:



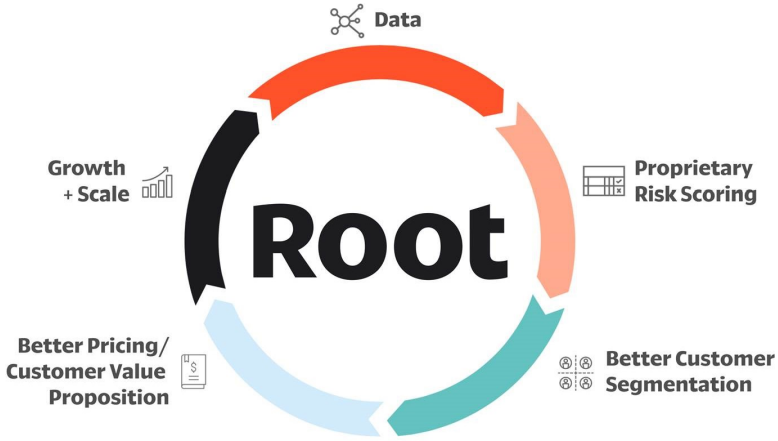
Full-Stack Insurance Structure

We are a full-stack insurance carrier. In substance this means we have the infrastructure to design products, and distribute, underwrite, administer and pay claims on all of our policies. In practice this means we own and control an end-to-end insurance experience and have near complete operating autonomy, subject to regulation, to grow our business.

Our full-stack carrier model supported by proprietary technology leaves us virtually unencumbered by third parties across the value chain, provides complete design and feature discretion and frees us to innovate and iterate far faster, we believe, than any of our major competitors. We view this flexibility as absolutely critical to introducing new capabilities, reinforcing customer centricity and driving growth.

In addition to our full-stack structure, we also have a captive insurance agency, Root Insurance Agency, LLC, or RIA. RIA is structured to allow us to offer new products to our customers without developing underwriting capabilities or retaining risk on our balance sheet, which facilitates our "capital-light" model.

Our Powerful Flywheel



As with many data-enabled businesses, we benefit from a flywheel in that additional data allows us to do our job better and fuels growth. However, in contrast to many other flywheels where growth-generates-data-generates- growth, we believe our flywheel is more powerful in that increased data generates targeted growth and increases the lifetime value of our customers.

Our proprietary UBI scoring models calculate individualized risk-based on our unique analytical capabilities, notably our proprietary data set of miles driven, driving behavior and associated claims experience which we believe is the only such integrated capability in the market.

The data science behind UBI scoring tells us that the riskiest 10 - 15% of drivers are up to two times more likely to get in an accident than our average targeted customer. We act upon this observation in two ways. First, we do not quote this high-risk segment of potential customers. Second, because we are not burdened by the elevated risk and potential losses of this narrow segment, we can offer the most competitive prices for our targeted customers.

The pooled-risk pricing strategy employed by the majority of incumbents takes a more uniform view of risk absent the capability to segment on an individualized basis. First, incumbents generally do not have the technology and infrastructure to collect and synthesize an integrated set of proprietary telematics and claims data. Second, introducing individualized telematics-based pricing across an existing portfolio constructed without telematics would have enormous profitability implications as lower-risk drivers would be re-rated to a meaningful discount, reducing profits, and high-risk drivers would be surcharged, which could result in reduced retention.

Through telematics, we are better able to identify low risk drivers and we are therefore able to offer such drivers competitive prices based on this risk, giving us an advantage in acquiring new customers as compared to traditional insurance carriers, winning share from our competitors and growing our business. As we bring more targeted customers onto our platform, we accumulate more data, retraining our models, improving our UBI score and reinforcing our competitive advantages.

Our granular risk segmentation yields strong conversion of customers whose behavioral data indicates lower risk than a market-standard demographic rating alone. However, when a competitor prices a driver based on traditional underwriting variables, for certain risk segments our price will not be the lowest and we will not convert that potential customer. We view this outcome as mispriced risk accruing to a competitor’s balance sheet. As our flywheel turns and more mispriced risk converts with our competitors, our competitors are put in a position of having to broadly raise prices to meet profit expectations, improving our conversion.

Our Growth Strategy

We are focused on the following growth strategies to continue penetrating the $266 billion auto insurance market and ultimately the $2 trillion global personal lines market over time:

- ***Execute the Auto Opportunity***
  - *Better, fairer pricing.* We will never stop working to improve our ability to segment risk by increasing the influence of behavioral factors in our underwriting and pricing models. Over time we hope that we can replace all correlation-related inputs to our pricing model, such as credit scores, with a fully behavioral pricing model.
  - *Grow national auto insurance presence.* We will continue to aggressively invest in domestic growth by becoming active in more states while creating brand awareness through a national marketing campaign.
  - *Enhance marketing efficiency.* We will continue to enhance the efficiency of our marketing spend through better data science and dynamic targeting in our digital channel, as well as greater investment in channel media and expansion of our partnership channel.
- ***Accelerate Insurance Product Innovation***
  - *Strengthen value proposition and business model through cross-sell.* We will continue expanding our homeowners and renters insurance footprint.
- ***Pursue Enterprise and International Expansion***
  - *Invest in enterprise.* We have developed a distinct enterprise offering leveraging our existing technology and capabilities. In March 2020, we launched our first set of enterprise technology products to provide telematics-based data collection and trip tracking and today we have agreements with multiple clients. We will continue investing in and growing this product offering to create a distinct and scalable software-as-a-service recurring revenue stream absent risk retention.
  - *Pursue International.* We will look to expand into the international market, both as a consumer-facing insurer in certain markets and through enterprise software in other markets, enabling select insurance companies with mobile telematics data collection and scoring capabilities.

We may selectively pursue acquisitions to accelerate any of our growth objectives or to improve our competitive positioning within existing and new products.

Capital Management

We operate a “capital-light” business model and utilize a variety of reinsurance structures to maximize returns on shareholder capital. Our capital management objectives include:

1. ***Top-Line Growth Without a Commensurate Increase in Regulatory Capital Requirements.*** We utilize a variety of reinsurance solutions, quota share in particular, to manage our net retained premium base within our U.S. statutory entity, Root Insurance Company. This enables us to pursue our top-line growth potential, but manage capital requirements to a more tolerable level as we hold minimal incremental capital against premium that we cede to our reinsurance partners. Net of third-party reinsurance, over the long term we expect this structure to enable us to write at least four dollars of net retained premium for each one dollar of capital held across Root Insurance Company and our wholly-owned, Cayman Islands-based captive reinsurer, Root Re. While our reinsurance activities cede a portion of the profit, we expect the net impact to be highly accretive to us on a return basis.
2. ***Support of Customer Acquisition Costs.*** When we enter into a quota share reinsurance agreement, it is only for a defined period of time that we share profits associated with our customer base. As we own the customer relationship, it is at our discretion what level of customer profit potential we seek to share via

reinsurance arrangements. In exchange for ceded premium, our reinsurance partners provide significant expense relief via a ceding commission, which we use to help defray customer acquisition costs.

3. ***Protection from Outsized Losses or Tail Events.*** Auto insurance is a stable insurance product with consistent and predictable underwriting results. At the same time, as a growth company with a "capital-light" business model, we believe it is prudent to protect against large or unanticipated losses stemming from tail events. We utilize excess of loss protection, or XOL, coverage to mitigate such risk.

Competition

The insurance industry in which we operate is highly competitive. Many of our primary competitors have well-established national brands and market similar products. Our competitors include large national insurance companies such as Geico, Progressive and Allstate, as well as up-and-coming companies and new market entrants in the insurtech industry, some of whom also utilize telematics and offer forms of usage-based insurance. Several of these established national insurance companies are larger than us and have significant competitive advantages over us, including increased name recognition, higher financial ratings, greater resources, additional access to capital, and more types of insurance coverage to offer, such as health and life, than we currently do. In particular, many of these competitors offer consumers the ability to purchase multiple other types of insurance coverage and "bundle" them together into one policy and, in certain circumstances, include an umbrella liability policy for additional coverage at competitive prices. Moreover, as we expand into new lines of business and offer additional products, we could face intense competition from traditional insurance companies that are already established in such markets.

Competition is based on many factors, including the reputation and experience of the insurer, coverages offered, pricing and other terms and conditions, customer service, size, and financial strength ratings, among other considerations. We believe we compete favorably across many of these factors, and have developed a platform and business model based on behavioral data collection and machine learning that we believe will be difficult for incumbent insurance providers to emulate.

Risk Factors Summary

There are a number of risks that you should understand before making an investment decision regarding this offering. These risks are discussed more fully in the section titled "Risk Factors" following this prospectus summary. If any of these risks actually occur, our business, financial condition or results of operations would likely be materially and adversely affected. In such case, the trading price of our Class A common stock would likely decline, and you may lose all or part of your investment. These risks include, but are not limited to:

- We have a history of net losses and could continue to incur substantial net losses in the future.
- We may lose our existing customers or fail to acquire new customers.
- We may require additional capital to support business growth or to satisfy our regulatory capital and surplus requirements, and this capital might not be available on acceptable terms, if at all.
- The COVID-19 pandemic has caused disruption to our operations and may negatively impact our business, key metrics, and results of operations in numerous ways that remain unpredictable.
- Our future growth and profitability depend in part on our ability to successfully operate in an insurance industry that is highly competitive.
- We rely on telematics, mobile technology and our digital platform to collect data points that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes. To the extent regulators prohibit or restrict our collection or use of this data, our business could be harmed.
- We depend on search engines, social media platforms, digital app stores, content-based online advertising and other online sources to attract consumers to our website and our mobile app both rapidly and cost-effectively. If these third parties change their listings or increase their pricing, if our relationship with them

deteriorates or terminates, or due to other factors beyond our control, we may be unable to attract new customers rapidly and cost-effectively, which would adversely affect our business and results of operations.

- Operating systems platforms and application stores controlled by third parties, such as Apple and Google, may change their terms of service or policies in a manner that increases our costs or impacts our ability to distribute our mobile app, collect data through it, and market our products.
- If we are unable to expand our product offerings, maintain the quality of our products and levels of customer service or continue technological innovation and improvements, our prospects for future growth may be materially adversely affected.
- Our expansion within the United States and any future international expansion strategy will subject us to additional costs and risks, and our plans may not be successful.
- Our technology platform may not operate properly or as we expect it to operate.
- We expect a number of factors to cause our results of operations to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.
- We are subject to a full scope examination by our primary state insurance regulator, which could result in adverse examination findings and necessitate remedial actions. We are currently undergoing, but have not completed, our five-year financial examination with the Ohio Department of Insurance, which includes a specific examination of our pricing and underwriting methodologies as well as our regulatory capital.
- Our exposure to loss activity and regulation may be greater in states where we currently have most of our customers: Texas, Georgia and Kentucky. Approximately 40.1% of our gross written premium for the six months ended June 30, 2020 originated from customers in Texas, Georgia and Kentucky.
- The insurance business, including the market for automobile, renters and homeowners insurance, is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.
- Reinsurance may be unavailable at current levels and prices, which may limit our ability to underwrite new policies. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material effect on our results of operations and financial condition.
- Reinsurance subjects us to risks of our reinsurers and may not be adequate to protect us against losses arising from ceded insurance, which could have a material effect on our results of operations and financial condition.
- The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence the outcome of important transactions.

Corporate Information

WYNU, Inc. was incorporated under the laws of the state of Delaware in February 2015, and changed its name to IBOD Company, Inc. in March 2015 and to Root, Inc. in June 2018. We were incorporated under the laws of the State of Delaware in August 2019, under the name Root Stockholdings, Inc., and became the parent of Root, Inc. pursuant to a transaction in which all of the issued and outstanding capital stock of Root, Inc. was exchanged for shares of our Class B common stock and redeemable convertible preferred stock. Root, Inc. changed its name to Caret Holdings, Inc., and we changed our name to Root, Inc. in September 2020. Our principal executive offices are located at 80 E. Rich Street, Suite 500, Columbus, OH 43215. Our telephone number is (866) 980-9431. Our website address is https://joinroot.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The Root, Inc. design logo, the ROOT service mark, "Root, Inc.," and our other registered or common law trademarks, service marks, or trade names appearing in this prospectus are the property of Root. Other trade names, trademarks and service marks used in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

- we are required to have only two years of audited financial statements and only two years of related selected financial data and Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- we are exempt from the requirement that critical audit matters be discussed in our independent auditor's reports on our audited financial statements or any other requirements that may be adopted by the Public Company Accounting Oversight Board, or the PCAOB, unless the SEC determines that the application of such requirements to emerging growth companies is in the public interest;
- we are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;
- we are exempt from the "say on pay," "say on frequency," and "say on golden parachute" advisory vote requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act; and
- we are exempt from certain disclosure requirements of the Dodd-Frank Act relating to compensation of our executive officers and are permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are $1.07 billion or more; (ii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt securities; or (iii) the date on which we are deemed to be a "large accelerated filer," which will occur as of the end of any fiscal year in which we (x) have an aggregate market value of our Class A common stock held by non-affiliates of $700 million or more as of the last business day of our most recently completed second fiscal quarter, (y) have been required to file annual and quarterly reports under the Exchange Act, for a period of at least 12 months and (z) have filed at least one annual report pursuant to the Exchange Act.

Further, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards. It is possible that some investors will find our Class A common stock less attractive as a result, which may result in a less active trading market for our Class A common stock and higher volatility in our stock price

For risks related to our status as an emerging growth company, see the section titled "Risk Factors — Risks Related to this Offering and Ownership of Our Class A Common Stock".

THE OFFERING

Class A common stock offered by us	shares
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	shares
Total Class A common stock and Class B common stock to be outstanding after this offering	shares
Underwriters' option to purchase additional shares of Class A common stock	shares
Voting rights	We will have two classes of common stock: Class A common stock and Class B common stock. Class A common stock is entitled to one vote per share and Class B common stock is entitled to ten votes per share. Holders of Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation that will be in effect upon the completion of this offering. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding shares following this offering and will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled "Principal Stockholders" and "Description of Capital Stock" for additional information.
Concentration of ownership	Once this offering is completed, the holders of our outstanding Class B common stock will beneficially own approximately % of our outstanding shares and control approximately % of the voting power of our outstanding shares and our executive officers, directors and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will beneficially own, in the aggregate, approximately % of our outstanding shares and control approximately % of the voting power of our outstanding shares.

Use of proceeds	We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds for acquisitions and/or strategic investments in complementary businesses, products, services or technologies, although we do not currently have any plans or commitments for any such acquisitions or investments. See the section titled "Use of Proceeds" for additional information.
Proposed Nasdaq trading symbol	"ROOT"

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and shares of our Class B common stock outstanding as of June 30, 2020, and excludes:

- 11,958,503 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2020, with a weighted-average exercise price of $1.6785 per share;
- 794,632 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after June 30, 2020, with a weighted-average exercise price of $8.2708 per share;
- 84,051 shares of our Class B common stock subject to restricted stock units, or RSUs, outstanding, but for which the time-based vesting condition was not satisfied as of June 30, 2020;
- shares of our Class A common stock reserved for future issuance under our 2020 Equity Incentive Plan, or the 2020 Plan, plus a number of shares of Class A common stock not to exceed shares (consisting of the number of shares that remain available under our Amended and Restated 2015 Plan, or the 2015 Plan, as of immediately prior to the effective date of the 2020 Plan and any shares underlying options outstanding under the 2015 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2020 Plan), as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for issuance under our 2020 Plan; and
- shares of our Class B common stock issuable upon exercise of outstanding warrants to purchase Class B common stock as of June 30, 2020, with a weighted-average exercise price of $ per share (excluding shares to be issued upon the automatic net exercise of a warrant in connection with the completion of this offering discussed in detail below).

Unless otherwise indicated, the information in this prospectus assumes:

- an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus;

- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into shares of our Class B common stock immediately prior to the completion of this offering;
- no exercise of the outstanding options or warrants described above;
- the automatic net exercise of an outstanding warrant to purchase 2,778,608 shares of our Class B common stock with an exercise price of $0.0001 per share, resulting in the issuance of shares of our Class B common stock; and
- no exercise of the underwriters' option to purchase additional shares of Class A common stock.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial and operating data. The summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018 and 2019 and the summary consolidated balance sheet data as of December 31, 2019, have been derived from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations and comprehensive loss data for the six months ended June 30, 2019 and 2020, and the consolidated balance sheet data as of June 30, 2020, from our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

You should read the following summary consolidated financial and operating data together with the sections titled "Selected Consolidated Financial and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. The summary consolidated financial and operating data in this section are not intended to replace our audited consolidated financial statements and the related notes and are qualified in their entirety by our audited consolidated financial statements and the related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and our results for the six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for the full fiscal year or any other period.

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(in millions, except per share data)			
Consolidated Statements of Operations and Comprehensive Loss:				
Net premiums earned	$ 40.2	$ 275.3	$ 98.6	$ 233.5
Net investment income	1.2	5.2	1.7	3.2
Net realized gains on investments	—	—	—	0.1
Fee income	1.9	9.7	3.8	8.6
Total revenue	$ 43.3	$ 290.2	$ 104.1	$ 245.4
Operating expenses:				
Loss and loss adjustment expenses	43.5	321.4	109.6	227.2
Sales and marketing	40.3	109.6	39.2	53.2
Other insurance expense	10.2	52.3	18.9	26.6
Technology and development	8.2	24.0	8.4	27.3
General and administrative	9.3	43.0	22.4	42.2
Total operating expenses	111.5	550.3	198.5	376.5
Interest expense	0.9	22.3	2.6	13.4
Loss before income tax expense	(69.1)	(282.4)	(97.0)	(144.5)
Income tax expense	—	—	—	—
Net loss	(69.1)	(282.4)	(97.0)	(144.5)
Other comprehensive income:				
Changes in unrealized gain on investments	—	0.6	0.7	4.9
Comprehensive loss	$ (69.1)	$ (281.8)	$ (96.3)	$ (139.6)
Loss per common share: basic and diluted	$ (2.73)	$ (8.33)	$ (3.04)	$ (3.74)
Weighted-average common shares outstanding: basic and diluted	25.3	33.9	31.9	38.6
Pro forma net loss per share: basic and diluted (unaudited)		(1.54)		(0.71)
Pro forma weighted-average common shares outstanding: basic and diluted (unaudited)		182.9		204.7

	As of December 31, 2019	As of June 30, 2020	
	Actual	Pro Forma[1]	Pro Forma As Adjusted[2][3]
		(dollars in millions)	
Consolidated Balance Sheet Data:			
Total investments	$ 122.8	$ 222.4	
Cash and cash equivalents	391.7	240.9	
Restricted cash	24.9	1.0	
Total assets	728.6	706.8	
Total liabilities	542.2	611.7	
Redeemable convertible preferred stock	560.4	—	
Total stockholders' (deficit) equity	(374.0)	95.1	

(1) The consolidated pro forma balance sheet data gives effect to (i) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of June 30, 2020 into shares of Class B common stock immediately prior to the completion of this offering and (ii) the issuance of shares of our Class B common stock as a result of the automatic net exercise of a warrant to purchase 2,778,608 shares of our Class B common stock, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

(2) The pro forma as adjusted column gives effect to (i) the pro forma adjustments set forth in footnote (1) above and (ii) the sale of shares of our Class A common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, total assets and total stockholders' (deficit) equity by approximately $ million, assuming the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares of Class A common stock offered by us would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, total assets and total stockholders' (deficit) equity by approximately $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma and pro forma as adjusted information discussed above is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing.

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(dollars in millions, except Premiums per Policy)			
Key Performance Indicators:[1]				
Policies in Force				
Auto	111,736	281,310	220,536	334,327
Renters[2]	—	1,747	—	5,974
Premiums per Policy				
Auto	$ 729	$ 904	$ 805	$ 909
Renters[2]	$ —	$ 127	$ —	$ 139
Premiums in Force				
Auto	$ 162.9	$ 508.6	$ 355.1	$ 607.8
Renters[2]	$ —	$ 0.2	$ —	$ 0.8
Direct Written Premium	$ 106.4	$ 451.1	$ 187.9	$ 306.5
Direct Earned Premium	$ 61.4	$ 352.9	$ 133.4	$ 295.8
Gross Profit/(Loss)	$ (10.4)	$ (83.5)	$ (24.4)	$ (8.4)
Gross Margin	(24.0)%	(28.8)%	(23.4)%	(3.4)%
Adjusted Gross Profit/(Loss)[3]	$ (0.2)	$ (54.2)	$ (12.8)	$ 7.4
Ratio of Adjusted Gross Profit/(Loss) to Total Revenue	(0.5)%	(18.7)%	(12.3)%	3.0 %
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	(0.3)%	(15.4)%	(9.6)%	2.5 %
Direct Loss Ratio	93.6 %	99.9 %	96.4 %	81.3 %
Direct LAE Ratio	16.9 %	12.0 %	10.4 %	9.5 %

(1) See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Performance Indicators" for information on how we define and calculate these key performance indicators.
(2) We began offering renters insurance policies in July 2019.
(3) See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations —Non-GAAP Financial Measures" for information regarding our use of Adjusted Gross Profit/(Loss), and its reconciliation to total revenue determined in accordance with generally accepted accounting principles in the United States, or GAAP.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risks, together with all of the other information contained in this prospectus, before deciding to invest in our Class A common stock. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks or uncertainties, as well as by risks or uncertainties not currently known to us, or that we do not currently believe are material. In that case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

We have a history of net losses and could continue to incur substantial net losses in the future.

We have incurred net losses on an annual basis since our incorporation in 2015. We incurred net losses of $69.1 million and $282.4 million for the years ended December 31, 2018 and 2019, respectively, and a net loss of $144.5 million for the six months ended June 30, 2020. We had an accumulated loss of $385.0 million and $529.5 million as of December 31, 2019 and June 30, 2020, respectively.

The principal driver of our losses to date is our loss ratios associated with accidents by our customers. Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, loss adjustments expenses, or LAE, and other costs. If we do not accurately assess the risks that we underwrite, the premiums that we charge may not be adequate to cover our losses and expenses, which would adversely affect our results of operations and our profitability. Moreover, as we continue to invest in our business, we expect expenses to continue to increase in the near term. Such expenses may occur in the areas of telematics, digital marketing, brand advertising, consumer-facing technologies, core insurance operations services and lines of insurance not presently offered by Root. These investments may not result in increased revenue or growth in our business. If we fail to manage our losses or to grow our revenue sufficiently to keep pace with our investments and other expenses, our business will be seriously harmed.

In addition, we will incur additional expenses to support our growth, and we will continue to incur significant expenses in connection with the repayment of the outstanding principal and accrued interest on our credit facilities, under which we had approximately $186.5 million of borrowings outstanding as of June 30, 2020. As a public company, we will also incur significant legal, accounting and other expenses that we did not incur as a private company. We may encounter unforeseen or unpredictable factors, including unforeseen operating expenses, complications or delays, which may also result in increased costs. Further, it is difficult to predict the size and growth rate of our market or demand for our services and success of current or potential future competitors. As a result, we may not achieve or maintain profitability in future periods.

We may lose existing customers or fail to acquire new customers.

We believe that growth of our business and revenue depends upon our ability to continue to grow our business in the geographic markets that we currently serve by retaining our existing customers and adding new customers in our current as well as new geographic markets. Expanding into new geographic markets takes time, requires us to navigate and comply with extensive regulations and may occur more slowly than we expect or than it has occurred in the past. If we lose customers, our value will diminish. In particular, while loss performance has improved over time as more customers renew their policies and remain policyholders for longer, a future loss of customers could lead to higher loss ratios or loss ratios that cease to decline, which would adversely impact our profitability. If we fail to remain competitive on customer experience, pricing, and insurance coverage options, our ability to grow our business may also be adversely affected. In addition, we may fail to accurately predict risk segmentation of new customers or potential customers, which could also reduce our profitability.

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

There are many factors that could negatively affect our ability to grow our customer base, including if:

- we lose customers to new market entrants and/or existing competitors;
- we do not obtain regulatory approvals necessary for expansion into new markets or in relation to our products (such as underwriting and rating requirements);
- we fail to effectively use search engines, social media platforms, digital app stores, content-based online advertising, and other online sources for generating traffic to our website and our mobile app;
- our digital platform experiences disruptions;
- we suffer reputational harm to our brand including from negative publicity, whether accurate or inaccurate;
- we fail to expand geographically;
- we fail to offer new and competitive products, to provide effective updates to our existing products or to keep pace with technological improvements in our industry;
- customers have difficulty installing, updating or otherwise accessing our app or website on mobile devices or web browsers as a result of actions by us or third parties;
- customers are unable or unwilling to adopt or embrace new technology;
- the perception emerges that purchasing insurance products online is not as effective as purchasing those products through traditional offline methods;
- technical or other problems frustrate the customer experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner; or
- we are unable to address customer concerns regarding the content, privacy, and security of our digital platform.

Our inability to overcome these challenges could impair our ability to attract new customers and retain existing customers, and could have a material adverse effect on our business, operating results and financial condition.

We may require additional capital to support business growth or to satisfy our regulatory capital and surplus requirements, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features and products or enhance our existing products and services, satisfy our regulatory capital and surplus requirements, cover losses, improve our operating infrastructure or acquire complementary businesses and technologies. Many factors will affect our capital needs as well as their amount and timing, including our growth and profitability, regulatory requirements, market disruptions and other developments. If our present capital and surplus (including the net proceeds from this offering) is insufficient to meet our current or future operating requirements, including regulatory capital and surplus requirements, or to cover losses, we may need to raise additional funds through financings or curtail our growth. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans and operating performance, as well as the condition of the capital markets at the time we seek financing. We cannot be certain that additional financing will be available to us on favorable terms, or at all.

If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of Class A common stock. As an insurance company, we are subject to extensive laws and regulations in every jurisdiction in which we conduct business, and any such issuances of equity or convertible debt securities to secure additional funds may be impeded by regulatory approvals or requirements imposed by such regulatory authorities if such issuances were deemed to result in a person acquiring “control” of

our company under applicable insurance laws and regulations. Such regulatory requirements may require potential investors to disclose their organizational structure and detailed financial statements as well as require managing partners, directors and/or senior officers submit biographical affidavits which may deter funds from investing in our company. Moreover, any debt financing, in addition to our outstanding credit facilities, that we secure in the future could subject us to restrictive covenants relating to our capital raising activities, our ability to make certain types of investments or payments, and other financial and operational matters, which may increase our difficulty to obtain additional capital or to pursue business opportunities, including new product offerings and potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be impaired, and our business, revenue, results of operations and financial condition may be materially harmed.

Further, we are restricted by covenants in our credit agreements. These covenants restrict, among other things, our ability to incur additional debt without lender consent or grant liens over our assets, which may limit our ability to obtain additional funds.

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

Our business has been and may continue to be impacted by the effects of the outbreak of the novel strain of coronavirus, or COVID-19, which was declared a global pandemic in March 2020. This pandemic and related measures taken to contain the spread of COVID-19, such as government-mandated business closures, orders to "shelter in place," or SIPs, and travel and transportation restrictions, have negatively affected the U.S. and global economies, disrupted global supply chains, and led to unprecedented levels of unemployment. In the second quarter of 2020, our business was favorably impacted by the SIPs as our customers drove less and we had a resulting material decline in loss coverages during this quarter, which have now returned to pre-COVID-19 levels. Our business has also been impacted by certain state regulations related to COVID-19 relief efforts, including restrictions on the ability to cancel policies for non-payment, requiring deferral of insurance premium payments for up to 60 days and restrictions on increasing policy premiums. We continue to assess and update our business continuity plans in the context of this pandemic, including taking steps in an effort to help keep our employees healthy and safe. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations in certain cases, and cancellation of physical participation in meetings, events, and conferences), and we expect to take further actions as may be required or recommended by government authorities or as we determine are in the best interests of our employees and customers. Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, and interest rates. It is possible that the pandemic will cause an economic slowdown of potentially extended duration, as well as a global recession. This could result in an increase in costs associated with claims under our policies, as well as an increase in the number of customers experiencing difficulty paying premiums, any of which could have a material adverse effect on our business and results of operations. Furthermore, due to COVID-19's negative impact on driving, regulators in many states are either mandating or requesting that auto insurance companies refund a portion of their premium to their policyholders to reflect the insurer's decrease in projected loss exposure due to the virus. In all of the states in which we operate, state insurance regulators have either encouraged, strongly suggested or mandated insurers to provide COVID-19-related consumer relief. Regulators in 13 states in which we operate placed a mandatory moratorium on non-pay cancellations, providing consumers grace periods ranging from 30 days to 120 days in duration during which premium did not need to be paid in a timely fashion. These moratoriums resulted in an increase of premium write offs from 2.8% during the quarter ended March 31, 2020 to 5.4% for the quarter ended June 30, 2020. Premium write offs have been immaterial to date, but could be significant in the future. There were still six states with bulletins effective after June 30, 2020. These mandates and similar regulations or suggestions could negatively impact our ability to charge or increase premiums to adequately cover our losses and could result in continued increased premium write offs.

Though we continue to monitor the COVID-19 pandemic closely, due to the speed with which it continues to develop, the global breadth of its spread, the range of governmental and community reactions thereto and the unknown timing or effectiveness of any vaccine or treatment, there is considerable uncertainty around its duration

and ultimate impact. The impact of the pandemic may also exacerbate the other risks described in these Risk Factors, and additional impacts may arise that we are not currently aware of, any of which could have a material effect on us. In addition, if there is a future resurgence of COVID-19, these negative impacts on our business may be further exacerbated. As a result, the full extent of the impact of the pandemic on our overall financial and operating results, whether in the near or long term, cannot be reasonably estimated at this time.

Our future growth and profitability depend in part on our ability to successfully operate in an insurance industry that is highly competitive.

Many of our primary competitors have well-established national brands and market similar products. Our competitors include large national insurance companies as well as up-and-coming companies in the insurtech industry. Several of these established national insurance companies are larger than us and have significant competitive advantages, including better name recognition, higher financial ratings, greater resources, additional access to capital, and more types of insurance coverage to offer, such as health and life, than we currently do. Our business model and technology is also still nascent compared to the established business models of the well-established incumbents in the insurance market. In addition, the insurance industry consistently attracts well-capitalized new entrants to the market. Our future growth will depend in large part on our ability to grow our insurance business in which traditional insurance companies retain certain advantages. In particular, unlike us, many of these competitors offer consumers the ability to purchase multiple other types of insurance coverage and "bundle" them together into one policy and, in certain circumstances, include an umbrella liability policy for additional coverage at competitive prices. Moreover, we may in the future expand into new lines of business and offer additional products beyond automobile, renters and homeowners insurance, and as we do so, we could face intense competition from traditional insurance companies that are already established in such markets. These new insurance products could take months to be approved by regulatory authorities or may not be approved at all. We have invested in growth strategies by utilizing unique customer value propositions, differentiated product offerings and distinctive advertising campaigns. If we are unsuccessful through these strategies in generating new business, retaining a sufficient number of customers or retaining or acquiring key relationships, our ability to maintain or increase premiums written or the ability to sell our products could be adversely impacted. Because of the competitive nature of the insurance industry, there can be no assurance that we will continue to compete effectively within our industry, or that competitive pressures will not have a material effect on our business, results of operations or financial condition.

We rely on telematics, mobile technology and our digital platform to collect data points that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes. To the extent regulators prohibit or restrict our collection or use of this data, our business could be harmed.

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

Due to Proposition 103 in California, we are currently limited in our ability to use telematics data beyond miles-driven to underwrite insurance, including data on how the car is driven. This has significantly hindered our ability to offer cost-competitive insurance policies in California and could impede our ability to offer insurance policies in other states if they were to pass similar laws or regulations.

Although there is currently limited federal and state legislation outside of California restricting our ability to collect driving behavior data, private organizations are implementing principles and guidelines to protect driver privacy. The Alliance of Automobile Manufacturers and Global Automakers established their Consumer Privacy Protection Principles to provide member automobile manufacturers with a framework with which to consider

privacy and build privacy into their products and services while the National Automobile Dealers Association has partnered with the Future of Privacy Forum to produce consumer education guidelines that explain the kinds of information that may be collected by consumers' cars, the guidelines that governs how it is collected and used, and the options consumers may have to protect their vehicle data. The Global Alliance for Vehicle Data Access is another organization that was formed to advocate for driver ownership of all vehicle data, particularly for insurance underwriting purposes. If federal or state legislators were to pass laws limiting our ability to collect driver data, particularly through driver's smartphones, such legislation could have a material adverse effect on our business, financial condition or results of operations.

Some state regulators have expressed interest about the use of external data sources, algorithms and/or predictive models in insurance underwriting or rating. Specifically, regulators have raised questions about the potential for unfair discrimination and lack of transparency associated with the use of external consumer data. A determination by federal or state regulators that the data points we collect and the process we use for collecting this data unfairly discriminates against a protected class of people could subject us to fines and other sanctions, including, but not limited to, disciplinary action, revocation and suspension of licenses, and withdrawal of product forms. Any such event could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects. Although we have implemented policies and procedures into our business operations that we feel are appropriately calibrated to our machine learning and automation-driven operations, these policies and procedures may prove inadequate to manage our use of this nascent technology, resulting in a greater likelihood of inadvertent legal or compliance failures.

In addition, the National Association of Insurance Commissioners, or NAIC, recently announced on July 23, 2020 the formation of a new Race and Insurance Special Committee, or the Special Committee. The Special Committee is tasked with analyzing the level of diversity and inclusion within the insurance sector, identifying current practices in the insurance industry that disadvantage minorities and making recommendations to increase diversity and inclusion within the insurance sector and address practices that disadvantage minorities. The Special Committee may look into strengthening the unfair discrimination laws, such as prohibiting the use of credit scores in the underwriting of auto insurance. Any new unfair discrimination legislation that would prohibit us from using data that we currently use or plan to use in the future to underwrite insurance could negatively impact our business.

Regulators may also require us to disclose the external data we use, algorithms and/or predictive matters prior to approving our underwriting models and rates. Such disclosures could put our intellectual property at risk.

Additionally, existing laws, such as the California Consumer Privacy Act, or the CCPA, future laws, and evolving attitudes about privacy protection may impair our ability to collect, use, and maintain data points of sufficient type or quantity to develop and train our algorithms. If such laws or regulations were enacted federally or in a large number of states in which we operate, it could impact the integrity and quality of our pricing and underwriting processes.

We depend on search engines, social media platforms, digital app stores, content-based online advertising and other online sources to attract consumers to our website and our mobile app both rapidly and cost-effectively. If these third parties change their listings or increase their pricing, if our relationship with them deteriorates or terminates, or due to other factors beyond our control, we may be unable to attract new customers rapidly and cost-effectively, which would adversely affect our business and results of operations.

Our success depends on our ability to attract consumers to our website and our mobile app and convert them into customers in a rapid and cost-effective manner. We depend in large part on search engines, social media platforms, digital app stores, content-based online advertising and other online sources for traffic to our website and our mobile app, which are material sources for new consumers.

With respect to search engines, we are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our advertisement, and free search listings, which depend on algorithms used by search engines. For paid search listings, if one or more of the search engines or other online sources on which we rely for purchased listings modifies or terminates its relationship with us, our expenses could rise if we are required to pay a higher price for such listings or if the alternatives we find are more expensive,

or we could lose consumers and traffic to our website could decrease, any of which could have a material adverse effect on our business, results of operations and financial condition. For free search listings, if search engines on which we rely for algorithmic listings modify their algorithms, our websites may appear less prominently or not at all in search results, which could result in reduced traffic to our websites, as a result of which we might attract fewer new customers.

Our ability to maintain or increase the number of consumers who purchase our products after being directed to our website or our mobile app from other digital platforms depends on many factors that are not within our control. Search engines, social media platforms and other online sources often revise their algorithms and introduce new advertising products. If one or more of the search engines or other online sources on which we rely for traffic to our website and our mobile app were to modify its general methodology for how it displays our advertisements or keyword search results, resulting in fewer consumers clicking through to our website and our mobile app, our business and operating results are likely to suffer. In addition, if our online display advertisements are no longer effective or are not able to reach certain consumers due to consumers' use of ad-blocking software, our business and operating results could suffer.

Additionally, changes in regulations could limit the ability of search engines and social media platforms, including but not limited to Google and Facebook, to collect data from users and engage in targeted advertising, making them less effective in disseminating our advertisements to our target customers. For example, the proposed Designing Accounting Safeguards to Help Broaden Oversight and Regulations on Data, or DASHBOARD, Act would mandate annual disclosure to the SEC of the type and "aggregate value" of user data used by harvesting companies, such as Facebook, Google and Amazon, including how revenue is generated by user data and what measures are taken to protect the data. If the costs of advertising on search engines and social media platforms increase, we may incur additional marketing expenses or be required to allocate a larger portion of our marketing spend to other channels and our business and operating results could be adversely affected. Similarly, changes to regulations applicable to the insurance brokerage and distribution business may limit our ability to rely on key distribution platforms, such as the Root API, if the third-party distribution platforms are unable to continue to distribute our insurance products without an insurance producer license pursuant to applicable insurance law and regulations.

The marketing of our insurance products depends on our ability to cultivate and maintain cost-effective and otherwise satisfactory relationships with digital app stores, in particular, those operated by Google and Apple. As we grow, we may struggle to maintain cost-effective marketing strategies, and our customer acquisition costs could rise substantially. Furthermore, because many of our customers access our insurance products through a mobile app, we depend on the Apple App Store and the Google Play Store to distribute our mobile app.

Operating system platforms and application stores controlled by third parties, such as Apple and Google, may change their terms of service or policies in a manner that increases our costs or impacts our ability to distribute our mobile app, collect data through it, and market our products.

We are subject to the terms of service and policies governing the operating system platforms on which our mobile app runs and the application stores through which we distribute our mobile app, such as those operated by Apple and Google. These terms of service and policies govern the distribution, operation and promotion of applications on such platforms and stores. These platforms and stores have broad discretion to change and interpret their terms of service and policies in a manner that adversely affects our business. For example, an operating system platform or application store may increase fees associated with access to it, restrict the collection of data through mobile apps that run on those platforms, restrict how that data is used and shared, and limit how mobile app publishers advertise online.

We rely on telematics to collect data points from customers' smartphones through our mobile app, which we evaluate in pricing and underwriting certain of our insurance policies, managing claims and customer support, and improving business processes. Limitations on our ability to collect, use or share telematics and other data derived from customer activities on smartphones, as well as new technologies that block our ability to collect, use or share such data, could significantly diminish the value of our platform and have an adverse effect on our ability to generate revenue.

Limitations or blockages on our ability to collect, use or share data derived from use of our mobile app may also restrict our ability to analyze such data to facilitate our product improvement, research and development and advertising activities. For example, in June 2020, Apple announced plans to require applications using its mobile operating systems to obtain an end-user's permission to track them or access their device's advertising identifier for advertising and advertising measurement purposes, as well as other restrictions that could adversely affect our business.

If we were to violate, or be perceived to have violated, the terms of service or policies of an operating system platform or application store, the provider may limit or block our access to it. It is possible that an operating system platform or application store might limit, eliminate or otherwise interfere with the distribution of our mobile app, the features we provide and the manner in which we market our mobile app, or give preferential treatment on their platforms or stores to a competitor. To the extent either or both of them do so, our business, results of operations and financial condition could be adversely affected.

Furthermore, one of the factors we use to evaluate our customer satisfaction and market position is our Apple App Store ratings. This rating, however, may not be a reliable indicator of our customer satisfaction relative to other companies who are rated on the Apple App Store since, to date, we have received a fraction of the number of reviews of some of the companies we benchmark against, and thus our number of positive reviews may not be as meaningful.

If we are unable to expand our product offerings, maintain the quality of our products and levels of customer service or continue technological innovation and improvements, our prospects for future growth may be materially adversely affected.

Our ability to attract and retain customers depends, in part, on our ability to successfully expand our product offerings. For example, we introduced our renters insurance product offering in July 2019 and our homeowners' insurance product offering in May 2020. Our success in the automobile insurance market depends on our deep understanding of this industry. To penetrate new vertical markets, we will need to develop a deep understanding of those new markets and the associated business challenges faced by participants in them. Developing this level of understanding may require substantial investments of time and resources, and we may not be successful. In addition to the need for substantial resources, insurance regulation could limit our ability to introduce new product offerings. These new insurance products could take months to be approved by regulatory authorities, or may not be approved at all. If we fail to penetrate new vertical markets successfully, our revenue may grow at a slower rate than we anticipate, and our business, results of operations and financial condition could be materially adversely affected. In addition, our decision to expand our insurance product offerings beyond the automobile, renters and homeowners insurance markets would subject us to additional regulatory requirements specific to those insurance products, which, in turn, could require us to incur additional costs or devote additional resources to compliance.

Furthermore, if we are unable to continue to provide high levels of customer service, our reputation as well as our future growth could be materially adversely affected. We must also maintain the quality of our product offerings by continuing to innovate and improve on our technology in order to continue future growth and successfully compete with other companies that are currently in, or may enter, the insurance space, or our reputation and future growth could be materially adversely affected.

Our expansion within the United States and any future international expansion strategy will subject us to additional costs and risks, and our plans may not be successful.

Our success depends in significant part on our ability to expand into additional markets in the United States and abroad. We are currently licensed in 36 states of the United States and operate in 30 of those states. We plan to have a presence in all 50 states in the near term, but cannot guarantee that we will be able to provide nationwide coverage on that timeline or at all. Moreover, one or more states could revoke our license to operate, or implement additional regulatory hurdles that could preclude or inhibit our ability to obtain or maintain our license in such states. We have applied for licenses in ten states that have not been approved or were withdrawn. Root Insurance Company has one pending certificate of authority application with the Massachusetts Division of Insurance and has not had a license application denied by any insurance regulators. Generally, regulators in states in which our applications were

withdrawn preferred that Root Insurance Company seek approval at such time that we demonstrated an underwriting profit and/or willingness to commit to a risk-based capital position greater than what has been required by the Ohio Department of Insurance. In addition to growing our domestic business, we may also seek to expand outside of the United States. If we are successful in our efforts to expand abroad, operating outside of the United States may require significant management attention to oversee operations over a broad geographic area with varying cultural norms and customs, in addition to placing strain on our finance, analytics, compliance, legal, engineering, and operations teams.

As we seek to expand in the United States and abroad, we may incur significant operating expenses, although our expansion may not be successful for a variety of reasons, including because of:

- barriers to obtaining the required government approvals, licenses or other authorizations;
- failures in identifying and entering into joint ventures with strategic partners, both domestically and internationally, or entering into joint ventures that do not produce the desired results;
- challenges in, and the cost of, complying with various laws and regulatory standards, including with respect to the insurance business and insurance distribution, capital and outsourcing requirements, data privacy, tax and local regulatory restrictions;
- difficulty in recruiting and retaining licensed, talented and capable employees in foreign countries;
- competition from local incumbents that already own market share, better understand the local market, may market and operate more effectively and may enjoy greater local affinity or awareness;
- differing demand dynamics, which may make our product offerings less successful;
- currency exchange restrictions or costs and exchange rate fluctuations;
- our lack of experience in operating our business internationally;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate; and
- limitations on the repatriation and investment of funds as well as foreign currency exchange restrictions.

Expansion into new markets in the United States and abroad will also require additional investments by us both in marketing and with respect to securing applicable regulatory approvals. These incremental costs may result from hiring additional personnel, from engaging third-party service providers and from incurring other research and development costs. If we invest substantial time and resources to expand our operations while our revenues from those additional operations do not exceed the expense of establishing and maintaining them, or if we are unable to manage these risks effectively, our business, results of operations and financial condition could be adversely affected. In addition, international expansion may increase our risks in complying with various laws and standards, including with respect to anti-corruption, anti-bribery, anti-money laundering, export controls, and trade and economic sanctions.

If we fail to grow our geographic footprint or geographic growth occurs at a slower rate than expected, our business, results of operations and financial condition could be materially and adversely affected.

Our technology platform may not operate properly or as we expect it to operate.

We utilize our technology platform to gather customer data in order to determine whether or not to write and how to price our insurance products. Similarly, we use our technology platform to process many of our claims. Our technology platform is expensive and complex, its continuous development, maintenance and operation may entail unforeseen difficulties including material performance problems or undetected defects or errors. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technology from

operating properly. If our platform does not function reliably, we may incorrectly select our customers, price insurance products for our customers or incorrectly pay or deny claims made by our customers. These errors could result in selecting an uneconomic mix of customers; in customer dissatisfaction with us, which could cause customers to cancel or fail to renew their insurance policies with us or make it less likely that prospective customers obtain new insurance policies; in causing us to underprice policies or overpay claims; or in causing us to incorrectly deny policyholder claims and become subject to liability. Additionally, technology platform errors may lead to unintentional bias and discrimination in the underwriting process, which could subject us to legal or regulatory liability and harm our brand and reputation. Any of these eventualities could result in a material adverse effect on our business, results of operations and financial condition.

While we believe our telematics-based pricing model to be more fair to consumers, it may yield results that customers find unfair. For instance, we may quote certain drivers higher premiums than our competitors, if our model determines that the driver is higher risk even though their higher-risk driving has not resulted in a claim. Such perception of unfairness could negatively impact our brand and reputation.

Regulators may limit our ability to develop or implement our telematics-based pricing model and/or may eliminate or restrict the confidentiality of our proprietary technology.

Our future success depends on our ability to continue to develop and implement our telematics-based pricing model, and to maintain the confidentiality of our proprietary technology. Changes to existing regulations, their interpretation or implementation, or new regulations could impede our use of this technology, or require that we disclose our proprietary technology to our competitors, which could negatively impact our competitive position and result in a material adverse effect on our business, results of operations, and financial condition. For example, a November 2020 ballot measure in California would, if adopted, enact the California Privacy Rights and Enforcement Act, which mandates issuance of regulations providing California residents with the right to information about the logic of certain algorithmic decisions about them and the right to opt-out of such decisions. Such regulation could require disclosure of our proprietary technology, limit the effectiveness of our products and reduce demand for them.

Our brand may not become as widely known or accepted as incumbents' brands or the brand may become tarnished.

Many of our competitors have brands that are well-recognized. As a relatively new entrant into the insurance market, we have spent, and expect that we will for the foreseeable future continue to spend, considerable amounts of money and other resources on creating brand awareness and building our reputation. We may not be able to build brand awareness to levels matching our competitors, and our efforts at building, maintaining and enhancing our reputation could fail and/or may not be cost-effective. Complaints or negative publicity about our business practices, our marketing and advertising campaigns (including marketing affiliations or partnerships), our compliance with applicable laws and regulations, the integrity of the data that we provide to consumers or business partners, data privacy and security issues, and other aspects of our business, whether real or perceived, could diminish confidence in our brand, which could adversely affect our reputation and business. As we expand our product offerings and enter new markets, we will need to establish our reputation with new customers, and to the extent we are not successful in creating positive impressions, our business in these newer markets could be adversely affected. While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful or cost effective. If we are unable to maintain or enhance our reputation or enhance consumer awareness of our brand in a cost-effective manner, our business, results of operations and financial condition could be materially adversely affected.

We may not continue to grow at historical rates or achieve or maintain profitability in the future.

Our limited operating history may make it difficult to evaluate our current business and our future prospects. While our revenue has grown in recent periods, this growth rate may not be sustainable and should not be considered indicative of future performance, and we may not realize sufficient revenue to achieve or maintain profitability. As we grow our business, we expect our revenue growth rates may slow in future periods due to a number of reasons, which may include slowing demand for our service, increasing competition, a decrease in the growth of our overall

market, and our failure to capitalize on growth opportunities or the maturation of our business. We have incurred net losses on an annual basis since our inception, and may incur significant losses in the future for a number of reasons, including insufficient growth in the number of customers, a failure to retain our existing customers, and increasing competition, as well as other risks described in these Risk Factors, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown factors. We expect to continue to make investments in the development and expansion of our business, which may not result in increased or sufficient revenue or growth, as a result of which we may not be able to achieve or maintain profitability.

We may not be able to manage our growth effectively.

Our rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. For example, we grew our employee base from 254 as of December 31, 2018 to 786 as of December 31, 2019. We have hired and expect to continue hiring additional personnel to support our rapid growth. Our organizational structure is becoming more complex as we add staff, and we will need to enhance our operational, financial and management controls as well as our reporting systems and procedures as we transition from being a private company to a public company. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, teamwork and attention to the insurance-buying experience for the customer. If we cannot manage our growth effectively to maintain the quality and efficiency of our customers' insurance-buying experience as well as the cost-effectiveness of our insurance products, as well as their experience as ongoing customers, our business could be harmed as a result, and our results of operations and financial condition could be materially and adversely affected.

We expect a number of factors to cause our results of operations to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Our revenue and results of operations could vary significantly from quarter to quarter and year to year, and may fail to match periodic expectations as a result of a variety of factors, many of which are outside of our control. Our results may vary from period to period as a result of fluctuations in the number of customers purchasing our insurance products and renewing their agreements with us as well as fluctuations in the timing and amount of our expenses. In addition, the insurance industry is subject to its own cyclical trends and uncertainties, including extreme weather which is often seasonal and may result in volatility in claims reporting and payment patterns. Fluctuations and variability across the industry may also affect our revenue. As a result, comparing our results of operations on a period-to-period basis may not be meaningful, and the results of any one period should not be relied on as an indication of future performance. Our results of operations may not meet the expectations of investors or public market analysts who follow us, which may adversely affect our stock price. In addition to other risk factors discussed in this "Risk Factors" section and elsewhere in this prospectus, factors that may contribute to the variability of our quarterly and annual results include:

- our ability to attract new customers and retain existing customers, including in a cost-effective manner;
- our ability to accurately forecast revenue and losses and appropriately plan our expenses;
- the effects of changes in search engine placement and prominence;
- the effects of increased competition on our business;
- our ability to successfully maintain our position in and expand in existing markets as well as successfully enter new markets;
- our ability to protect our existing intellectual property and to create new intellectual property;
- our ability to maintain an adequate rate of growth and effectively manage that growth;
- our ability to keep pace with technology changes in the insurance, mobile and automobile industries;
- the success of our sales and marketing efforts;

- costs associated with defending claims, including accident and coverage claims, intellectual property infringement claims, misclassifications and related judgments or settlements;
- the impact of, and changes in, governmental or other regulation affecting our business;
- the attraction and retention of qualified employees and key personnel;
- our ability to choose and effectively manage third-party service providers;
- our ability to identify and engage in joint ventures and strategic partnerships, both domestically and internationally;
- the effects of natural or man-made catastrophic events;
- the effectiveness of our internal controls; and
- changes in our tax rates or exposure to additional tax liabilities.

We rely on highly skilled and experienced personnel and if we are unable to attract, retain or motivate key personnel or hire qualified personnel, our business may be seriously harmed. In addition, the loss of key senior management personnel could harm our business and future prospects.

Our performance largely depends on the talents and efforts of highly-skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled and experienced personnel and, if we are unable to hire and train a sufficient number of qualified employees for any reason, we may not be able to maintain or implement our current initiatives or grow, or our business may contract and we may lose market share. Moreover, certain of our competitors or other insurance or technology businesses may seek to hire our employees. We cannot assure you that our equity incentives and other compensation will provide adequate incentives to attract, retain and motivate employees in the future, particularly if the market price of our Class A common stock does not increase or declines. If we do not succeed in attracting, retaining and motivating highly qualified personnel, our business may be seriously harmed.

We depend on our senior management, including Alexander Timm and Dan Manges, our co-founders, and Daniel Rosenthal, our Chief Financial Officer, as well as other key personnel. We may not be able to retain the services of any of our senior management or other key personnel, as their employment is at-will and they could leave at any time. If we lose the services of one or more of our senior management and other key personnel, including as a result of the COVID-19 pandemic, we may not be able to successfully manage our business, meet competitive challenges or achieve our growth objectives. Further, to the extent that our business grows, we will need to attract and retain additional qualified management personnel in a timely manner, and we may not be able to do so. Our future success depends on our continuing ability to identify, hire, develop, motivate, retain and integrate highly skilled personnel in all areas of our organization.

New legislation or legal requirements may affect how we communicate with our customers, which could have a material adverse effect on our business model, financial condition, and results of operations.

State and federal lawmakers and insurance regulators are focusing upon the use of artificial intelligence broadly, including concerns about transparency, deception, and fairness in particular. Changes in laws or regulations, or changes in the interpretation of laws or regulations by a regulatory authority, specific to the use of artificial intelligence, may decrease our revenues and earnings and may require us to change the manner in which we conduct some aspects of our business. We may also be required to disclose our proprietary software to regulators, putting our intellectual property at risk, in order to receive regulatory approval to use such artificial intelligence in the underwriting of insurance and/or the payment of claims. In addition, our business and operations are subject to various U.S. federal, state, and local consumer protection laws, including laws which place restrictions on the use of automated tools and technologies to communicate with wireless telephone subscribers or consumers generally. For example, a California law, effective as of July 2019, makes it unlawful for any person to use a bot to communicate with a person in California online with the intent to mislead the other person about its artificial identity for the purpose of knowingly deceiving the person about the content of the communication in order to incentivize a

purchase of goods or services in a commercial transaction. Although we have taken steps to mitigate our liability for violations of this and other laws restricting the use of electronic communication tools, no assurance can be given that we will not be exposed to civil litigation or regulatory enforcement. Further, to the extent that any changes in law or regulation further restrict the ways in which we communicate with prospective or current customers before or during onboarding, customer care, or claims management, these restrictions could result in a material reduction in our customer acquisition and retention, reducing the growth prospects of our business, and adversely affecting our financial condition and future cash flows.

Severe weather events and other catastrophes, including the effects of climate change, are inherently unpredictable and may have a material adverse effect on our financial results and financial condition.

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

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

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

Denial of claims or our failure to accurately and timely pay claims could materially and adversely affect our business, financial condition, results of operations, and prospects.

Under the terms of our policies, we are required to accurately and timely evaluate and pay claims. Our ability to do so depends on a number of factors, including the efficacy of our claims processing, the training and experience of our claims adjusters, including our third-party claims administrators, and our ability to develop or select and implement appropriate procedures and systems to support our claims functions.

We believe that the speed at which our technology-based claims processing platform allows us to process and pay claims is a differentiating factor for our business relative to our competitors, and an increase in the average time to process claims could lead to customer dissatisfaction and undermine our reputation and position in the insurance marketplace. If our claims adjusters or third party claims administrators are unable to effectively process our volume of claims, our ability to grow our business while maintaining high levels of customer satisfaction could be compromised, which in turn, could adversely affect our operating margins. Any failure to pay claims accurately or timely could also lead to regulatory and administrative actions or other legal proceedings and litigation against us, or

result in damage to our reputation, any one of which could materially and adversely affect our business, financial condition, results of operations, and prospects.

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

Our business may experience volatility in claim frequency from time to time, and short-term trends may not continue over the longer term. Changes in claim frequency may result from changes in mix of business, miles driven, distracted driving, macroeconomic or other factors. A significant increase in claim frequency could have an adverse effect on our results of operations and financial condition.

Changes in bodily injury claim severity are impacted by inflation in medical costs, litigation trends and precedents, regulation and the overall safety of automobile travel. Changes in auto property damage claim severity are driven primarily by inflation in the cost to repair vehicles, including parts and labor rates, the mix of vehicles that are declared total losses, model year mix as well as used car values. While actuarial models for pricing and reserving typically include an expected level of inflation, unanticipated increases in claim severity can arise from events that are inherently difficult to predict. Although we pursue various loss management initiatives to mitigate future increases in claim severity, there can be no assurances that these initiatives will successfully identify or reduce the effect of future increases in claim severity.

Failure to maintain our risk-based capital at the required levels could adversely affect our ability to maintain regulatory authority to conduct our business.

We are required to have sufficient capital and surplus in order to comply with insurance regulatory requirements, support our business operations and minimize our risk of insolvency. The NAIC has developed a system to test the adequacy of statutory capital and surplus of U.S.-based insurers, known as risk-based capital, that all states have adopted. This system establishes the minimum amount of capital and surplus necessary for an insurance company to support its overall business operations in consideration of its size and risk profile. It identifies insurers that may be inadequately capitalized by looking at certain risk factors, including asset risk, credit risk and underwriting risk with respect to the insurer's business in order to determine an insurer's authorized control level risk-based capital. An insurer's risk-based capital ratio measures the relationship between its total adjusted capital and its authorized control level risk-based capital.

Insurers with a ratio falling below certain calculated thresholds may be subject to varying degrees of regulatory action, including heightened supervision, examination, rehabilitation or liquidation. An insurance company with total adjusted capital that is less than 200% of its authorized control level risk-based capital is at a company action level, which would require the insurance company to file a risk-based capital plan that, among other things, contains proposals of corrective actions the company intends to take that are reasonably expected to result in the elimination of the company action level event. Additional action level events occur when the insurer's total adjusted capital falls below 150%, 100% and 70% of its authorized control level risk-based capital. Lower percentages trigger increasingly severe regulatory responses. In the event of a mandatory control level event (triggered when an insurer's total adjusted capital falls below 70% of its authorized control level risk-based capital), an insurer's primary regulator is required to take steps to place the insurer into receivership.

In addition, the NAIC Insurance Regulatory Information System, or the IRIS, is a collection of analytical tools designed to provide state insurance regulators with an integrated approach to screening and analyzing the financial condition of insurance companies operating in their respective states. If our ratios fall outside of the usual range for one or more ratios set forth by the IRIS for any number of reasons, it could subject us to heightened regulatory scrutiny or measures, or create investor uncertainty around the stability of our financial condition, which could harm our business. We have disclosed to the Ohio Department of Insurance, or the Ohio DOI, that certain of our ratios fall outside the usual range for one or more IRIS ratio factors. The Ohio DOI has acknowledged this and taken no regulatory action.

Further, the NAIC has promulgated a Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition, or the Hazardous Financial Condition Standards, which has been adopted by states in whole or part. If our financial condition is deemed by state insurance regulators to

meet the Hazardous Financial Conditions Standards, it could subject us to heightened regulatory scrutiny or measures, or create uncertainty around the stability of our financial condition, which could harm our business. The Ohio DOI has determined that our financial condition does meet certain of those standards and requires us to provide the DOI with monthly financial reports.

Similarly, our wholly-owned, Cayman Islands-based captive reinsurer, Root Re, is subject to additional capital and other regulatory requirements imposed by the Cayman Islands Monetary Authority, or CIMA. Although these capital requirements are generally less constraining than U.S. capital requirements, failure to satisfy these requirements could result in regulatory actions from the CIMA or loss of or modification of Root Re's Class B(iii) insurer license, which could adversely impact our ability to improve our overall capital efficiency and support our capital-light model.

As a new entrant to the insurance industry, we may face additional capital and surplus requirements as compared to those of our larger and more established competitors. Failure to maintain adequate risk-based capital at the required levels could result in increasingly onerous reporting and examination requirements and could adversely affect our ability to maintain regulatory authority to conduct our business. See the section titled "Regulation — Risk-Based Capital" for additional information.

We are subject to assessments and other surcharges from state guaranty funds, which may reduce our profitability.

We are subject to statutory property and casualty guaranty fund assessments in many states in which we do business, and during the year ended December 31, 2019, we contributed an aggregate of approximately $6,000 to such funds. The purpose of a guaranty fund is to protect customers in a particular state by requiring that solvent property and casualty insurers pay the insurance claims of insolvent insurers in such state. These guaranty associations generally pay these claims by assessing solvent insurers proportionately based on each insurer's share of voluntary premiums written in the state.

Maximum contributions required by law in any one year vary by state. We cannot predict with certainty the amount of future assessments because they depend on factors outside our control, such as insolvencies of other insurance companies. Significant assessments due to a rise in insurance insolvencies could have a material adverse effect on our financial condition and results of operations. See the section titled "Regulation — Insolvency Funds and Associations, Mandatory Pools, and Insurance Facilities" for additional information.

New or changing technologies, including those impacting personal transportation, could cause a disruption in our business model, which may materially impact our results of operations and financial condition.

If we fail to anticipate the impact on our business of changing technology, including automotive technology, our ability to successfully operate may be materially impaired. Our business could also be affected by potential technological changes, such as autonomous or partially autonomous vehicles or technologies that facilitate ride, car or home sharing, or vehicles with built-in telematics features. Such changes could disrupt the demand for products from current customers, create coverage issues or impact the frequency or severity of losses, or reduce the size of the automobile insurance market, causing our business to decline. Since auto insurance constitutes substantially all of our business, we are more sensitive than other insurers and more adversely affected by trends that could decrease auto insurance rates or reduce demand for auto insurance over time. We may not be able to respond effectively to these changes, which could have a material effect on our results of operations and financial condition.

Security incidents, or real or perceived errors, failures or bugs in our systems, website or app could impair our operations, compromise our confidential information or our customers' personal information, damage our reputation and brand, and harm our business and operating results.

Our continued success depends on our systems, applications, and software continuing to operate and to meet the changing needs of our customers and users. We rely on our technology and engineering staff and vendors to successfully implement changes to and maintain our systems and services in an efficient and secure manner. Like all information systems and technology, our website and mobile app may contain or develop material errors, failures, vulnerabilities or bugs, particularly when new features or capabilities are released, and may be subject to computer

viruses or malicious code, break-ins, phishing impersonation attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware and similar incidents or disruptions from unauthorized use of our computer systems, as well as unintentional incidents causing data leakage, any of which could lead to interruptions, delays or website or mobile app shutdowns.

Operating our business and products involves the collection, storage, use and transmission of sensitive, proprietary and confidential information, including personal information, pertaining to our current, prospective and past customers, staff, contractors, and business partners. The security measures we take to protect this information may be breached as a result of computer malware, viruses, social engineering, ransomware attacks, hacking and cyberattacks, including by state-sponsored and other sophisticated organizations. Such incidents have become more prevalent in recent years. For example, attempts to fraudulently induce our personnel into disclosing usernames, passwords or other information that can be used to access our systems and the information in them have increased and could be successful. Our security measures could also be compromised by our personnel, theft or errors, or be insufficient to prevent exploitation of security vulnerabilities in software or systems on which we rely. Such incidents have in the past resulted in unauthorized access to certain personal information, and may in the future result in unauthorized, unlawful or inappropriate use, destruction or disclosure of, access to, or inability to access the sensitive, proprietary and confidential information that we handle. These incidents may remain undetected for extended periods of time.

We rely on third-party service providers to provide critical services that help us deliver our solutions and operate our business. These providers may support or operate critical business systems for us or store or process the same sensitive, proprietary and confidential information that we handle. These service providers may not have adequate security measures and could experience a security incident that compromises the confidentiality, integrity or availability of the systems they operate for us or the information they process on our behalf. Such occurrences could adversely affect our business to the same degree as if we had experienced these occurrences directly and we may not have recourse to the responsible third-party service providers for the resulting liability we incur.

Because there are many different cybercrime and hacking techniques and such techniques continue to evolve, we may be unable to anticipate attempted security breaches, react in a timely manner or implement adequate preventative measures. While we have developed systems and processes designed to protect the integrity, confidentiality and security of our and our customers' confidential and personal information under our control, we cannot assure you that any security measures that we or our third party service providers have implemented will be effective against current or future security threats.

A security breach or other security incident, or the perception that one has occurred, could result in a loss of customer confidence in the security of our platform and damage to our reputation and brand; reduce demand for our insurance products; disrupt normal business operations; require us to expend significant capital and resources to investigate and remedy the incident and prevent recurrence; and subject us to litigation, regulatory enforcement action, fines, penalties, and other liability, which could adversely affect our business, financial condition and results of operations. Even if we take steps that we believe are adequate to protect us from cyber threats, hacking against our competitors or other companies in our industry could create the perception among our customers or potential customers that our digital platform is not safe to use. Security incidents could also damage our IT systems and our ability to make the financial reports and other public disclosures required of public companies. These risks are likely to increase as we continue to grow and process, store and transmit an increasingly large volume of data.

We may be unable to prevent, monitor or detect fraudulent activity, including policy acquisitions or payments of claims that are fraudulent in nature.

If we fail to maintain adequate systems and processes to prevent, monitor and detect fraud, including fraudulent policy acquisitions or claims activity, or if inadvertent errors occur with such prevention, monitoring and detection systems due to human or computer error, our business could be materially adversely impacted. While we believe past incidents of fraudulent activity have been relatively isolated, we cannot be certain that our systems and processes will always be adequate in the face of increasingly sophisticated and ever-changing fraud schemes. We use a variety of tools to protect against fraud, but these tools may not always be successful at preventing such fraud.

Instances of fraud may result in increased costs, including possible settlement and litigation expenses, and could have a material adverse effect on our business and reputation.

We are subject to a full scope examination by our primary state insurance regulator, which could result in adverse examination findings and necessitate remedial actions.

Periodically, our domiciliary regulator, Ohio DOI, performs examinations of insurance companies under its jurisdiction to assess compliance with applicable laws and regulations, financial condition and the conduct of regulated activities. We are currently undergoing, but have not completed, our five-year financial examination with the Ohio DOI, which includes a specific examination of our pricing and underwriting methodologies as well as our regulatory capital. If, as a result of this examination, Ohio DOI determines that our financial condition, capital resources or other aspects of any of our operations are not satisfactory, or that we have violated applicable laws or regulations, Ohio DOI may subject us to fines or other penalties and/or require us to take one or more remedial actions or otherwise subject us to regulatory scrutiny, such as pursuant to an enforcement action or, in the case of regulatory capital, require us to obtain additional capital. The results of the examinations are a matter of public record, and our reputation may also be harmed by such penalties.

In addition, insurance regulators of other states in which we are licensed to operate may also conduct periodic financial examinations or other targeted investigations or inquiries. We are currently subject to a market conduct examination in the state of Delaware and have received notice of an intent to conduct a market conduct examination in Virginia. Any regulatory or enforcement action or any regulatory order imposing remedial, injunctive, or other corrective action against us resulting from these examinations could have a material adverse effect on our business, reputation, financial condition or results of operations. See the section titled "Regulation — Periodic Examinations" for additional information.

We are subject to stringent and changing privacy and data security laws, regulations, and standards related to data privacy and security. Our actual or perceived failure to comply with such obligations could harm our reputation, subject us to significant fines and liability, or adversely affect our business.

In the United States, insurance companies are subject to the privacy provisions of the federal Gramm-Leach-Bliley Act and the NAIC Insurance Information and Privacy Protection Model Act, as adopted and implemented by certain state legislatures and insurance regulators. The regulations implementing these laws require insurance companies to disclose their privacy practices to consumers, allow them to opt-in or opt-out, depending on the state, of the sharing of certain personal information with unaffiliated third parties, and maintain certain security controls to protect their information. Violators of these laws face regulatory enforcement action, substantial civil penalties, injunctions, and in some states, private lawsuits for damages.

Privacy and data security regulation in the United States is rapidly evolving. For example, California recently enacted the CCPA, which became effective January 1, 2020. The CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches, which is expected to increase the volume and success of class action data breach litigation. In addition to increasing our compliance costs and potential liability, the CCPA's restrictions on "sales" of personal information may restrict our use of cookies and similar technologies for advertising purposes. The CCPA excludes information covered by Gramm-Leach-Bliley Act, the Driver's Privacy Protection Act or the California Financial Information Privacy Act from the CCPA's scope, but the CCPA's definition of "personal information" is broad and may encompass other information that we maintain. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, and multiple states have enacted or proposed similar laws. There is also discussion in Congress of new comprehensive federal data protection and privacy law to which we likely would be subject if it is enacted.

In addition, if California voters approve a November 2020 ballot measure proposing enactment of the California Consumer Privacy Rights and Enforcement Act, the requirements of the CCPA itself will expand substantially. The Act would give consumers the ability to limit use of precise geolocation information and other categories of information classified as "sensitive"; add e-mail addresses and passwords to the list of personal information that, if

lost or breach, would give the affected consumers the right to bring private lawsuits; increase the maximum penalties threefold for violations concerning consumers under age 16; and establish the California Privacy Protection Agency to implement and enforce the new law, as well as impose administrative fines. The effects of the CCPA, and other similar state or federal laws, are potentially significant and may require us to modify our data processing practices and policies, incur substantial compliance costs and subject us to increased potential liability.

In addition to privacy and data security requirements under applicable laws, we are subject to the Payment Card Industry Data Security Standard, or PCI DSS, a self-regulatory standard that requires companies that process payment card data to implement certain data security measures. If we or our payment processors fail to comply with the PCI DSS, we may incur significant fines or liability and lose access to major payment card systems. Industry groups may in the future adopt additional self-regulatory standards by which we are legally or contractually bound.

If we expand into Europe, we may also face particular privacy, data security, and data protection risks in connection with requirements of the General Data Protection Regulation (E.U.) 2016/679, or GDPR, and other data protection regulations. Among other stringent requirements, the GDPR restricts transfers of data outside of the E.U. to third countries deemed to lack adequate privacy protections (such as the U.S.), unless an appropriate safeguard specified by the GDPR is implemented. A July 16, 2020 decision of the Court of Justice of the European Union invalidated a key mechanism for lawful data transfer to the U.S. and called into question the viability of its primary alternative. As such, the ability of companies to lawfully transfer personal data from the E.U. to the U.S. is presently uncertain. Other countries have enacted or are considering enacting similar cross-border data transfer rules or data localization requirements. These developments could limit our ability to deliver our products in the E.U. and other foreign markets. In addition, any failure or perceived failure to comply with these rules may result in regulatory fines or penalties including orders that require us to change the way we process data.

Additionally, we are subject to the terms of our privacy policies, privacy-related disclosures, and contractual and other privacy-related obligations to our customers and other third parties. Any failure or perceived failure by us or third parties we work with to comply with these policies, disclosures, and obligations to customers or other third parties, or privacy or data security laws may result in governmental or regulatory investigations, enforcement actions, regulatory fines, criminal compliance orders, litigation or public statements against us by consumer advocacy groups or others, and could cause customers to lose trust in us, all of which could be costly and have an adverse effect on our business.

We rely on our mobile application to execute our business strategy. Government regulation of the internet and the use of mobile applications in particular is evolving, and unfavorable changes could seriously harm our business.

We rely on our mobile application to execute our business strategy. We are subject to general business regulations and laws as well as federal and state regulations and laws specifically governing the internet and the use of mobile applications in particular. Existing and future laws and regulations may impede the growth of the internet or other online services, and increase the cost of providing online services. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, electronic signatures and consents, consumer protection and social media marketing. It is at times not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the internet and the use of mobile applications in particular, as the vast majority of these laws were adopted prior to the advent of the internet and the use of mobile applications and do not contemplate or address the unique issues raised by the internet. It is possible that general business regulations and laws, or those specifically governing the internet and the use of mobile applications in particular, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, currently comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business and decrease the use of our mobile application or website by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable

to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Our trade secrets, trademarks, copyrights and other intellectual property rights are important assets for us. We rely on, and expect to continue to rely on, various agreements with our employees, independent contractors, consultants and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, and trade secret laws, to protect our brand and other intellectual property rights. Such agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology, and we may fail to consistently obtain, police and enforce such agreements. Additionally, various factors outside our control pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, we may fail to obtain effective intellectual property protection, or effective intellectual property protection may not be available in every country in which our products and services are available. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect our proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business or that unauthorized parties may attempt to copy aspects of our technology and use information that we consider proprietary.

In addition to registered intellectual property rights such as trademark registrations, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. Certain information or technology that we endeavor to protect as trade secrets may not be eligible for trade secret protection in all jurisdictions, or the measures we undertake to establish and maintain such trade secret protection may be inadequate. In order to protect our proprietary information and technology, we rely in part on agreements with our employees, investors, independent contractors and other third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may not adequately protect our trade secrets, these agreements may be breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. To the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Current or future legal requirements may require us to disclose certain proprietary information or technology, such as our proprietary algorithms, to regulators or other third parties, including our competitors, which could impair or result in the loss of trade secret protection for such information or technology. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations and competitive position.

We have filed, and may continue in the future to file, applications to protect certain of our innovations and intellectual property. We do not know whether any of our applications will result in the issuance of a patent, trademark or copyright, as applicable, or whether the examination process will require us to narrow our claims or otherwise limit the scope of such intellectual property. In addition, we may not receive competitive advantages from the rights granted under our intellectual property. Our existing intellectual property, and any intellectual property granted to us or that we otherwise acquire in the future, may be contested, circumvented or invalidated, and we may not be able to prevent third parties from infringing our rights to our intellectual property. Therefore, the exact effect of the protection of this intellectual property cannot be predicted with certainty. Because obtaining patent protection requires disclosing our inventions to the public, such disclosure may facilitate our competitors developing improvements to our innovations. In addition, given the costs, effort, risks and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek

patent protection for certain innovations. Any failure to adequately obtain such patent protection, or other intellectual property protection, could later prove to adversely impact our business.

We currently hold various domain names relating to our brand, including joinroot.com and rootinsurance.com. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our website and our mobile app. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform or harm our reputation or brand. In addition, we may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Although we take measures to protect our intellectual property, if we are unable to prevent the unauthorized use or exploitation of our intellectual property, the value of our brand, content, and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to customers and potential customers may become confused, and our ability to attract customers may be adversely affected. Any inability or failure to protect our intellectual property could adversely impact our business, results of operations and financial condition. While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology and use our proprietary brand, content and information to create or enhance competing solutions and services, which could adversely affect our competitive position in our rapidly evolving and highly competitive industry. Some license provisions that protect against unauthorized use, copying, transfer and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. While we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our third-party providers and strategic partners, we cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our products and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings.

Some of our products and services contain open source software, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative effect on our business.

We use open source software in our products and services and anticipate continuing to use open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code of such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of certain open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we develop using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer such source code to eliminate use of such open source software. This re-engineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. In addition to

risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, assurance of title or controls on the origin or operation of the open source software, which are risks that cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development teams for the use of open source software, but we cannot be sure that all of our use of open source software is in a manner that is consistent with our current policies and procedures, or will not subject us to liability. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business.

Companies in the internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or have otherwise obtained. As we gain an increasingly high public profile, the possibility of intellectual property rights claims against us grows. From time to time, third parties may assert claims of infringement of intellectual property rights against us. Although we believe that we will likely have meritorious defenses, there can be no assurance that we will be successful in defending against these allegations or in reaching a business resolution that is satisfactory to us. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than us. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom our own patents may therefore provide little or no deterrence or protection. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to the assertion of their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or from operating under our brand, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, results of operations and financial condition.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found or alleged to violate such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, results of operations and financial condition.

We may be subject to compliance obligations arising from medical information privacy regulations.

By processing certain personal injury data on behalf of our clients, we may be subject to compliance obligations under privacy and data security-related laws specific to the protection of healthcare or medical information. Although we may be subject to the Health Insurance Portability and Accountability Act, or HIPAA, the Health Information Technology for Economic and Clinical Health Act, or HITECH Act, and comparable state laws, we do not have a process in place to assess or align our privacy and security practices specifically against requirements for protecting medical information.

We may be unable to prevent or address the misappropriation of our data.

From time to time, third parties may misappropriate our data through website scraping, bots or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites or mobile apps may misappropriate data and attempt to imitate our brand or the functionality of our website or our mobile app. If we become aware of such websites or mobile apps, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites or mobile apps in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites or mobile apps operating outside of the United States, our available remedies may not be adequate to protect us against the effect of the operation of such websites or mobile apps. Regardless of whether we can successfully enforce our rights against the operators of these websites or mobile apps, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

If our customers were to claim that the policies they purchased failed to provide adequate or appropriate coverage, we could face claims that could harm our business, results of operations and financial condition.

Although we aim to provide adequate and appropriate coverage under each of our policies, customers could purchase policies that prove to be inadequate or inappropriate. If such customers were to bring a claim or claims alleging that we failed in our responsibilities to provide them with the type or amount of coverage that they sought to purchase, we could be found liable for amounts significantly in excess of the policy limit, resulting in an adverse effect on our business, results of operations and financial condition. While we maintain agents errors and omissions insurance coverage to protect us against such liability, such coverage may be insufficient or inadequate.

If we are unable to underwrite risks accurately or charge competitive yet profitable rates to our customers, our business, results of operations and financial condition will be adversely affected.

In general, the premiums for our insurance policies are established at the time a policy is issued and, therefore, before all of our underlying costs are known. The accuracy of our pricing depends on our ability to adequately assess risks, estimate losses and comply with state insurance regulations. Like other insurance companies, we rely on estimates and assumptions in setting our premium rates. We also utilize the data that we gather through our interactions with our customers, as evaluated and curated by our technology-based pricing platform.

Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, LAE, and other costs. If we do not accurately assess the risks that we underwrite, the premiums that we charge may not be adequate to cover our losses and expenses, which would adversely affect our results of operations and our profitability. Moreover, if we determine that our prices are too low, insurance regulations may preclude us from being able to cancel insurance contracts, non-renew customers, or raise premiums. Alternatively, we could set our premiums too high, which could reduce our competitiveness and lead to fewer customers and lower revenues, which could have a material adverse effect on our business, results of operations and financial condition.

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

- collect and properly analyze a substantial volume of data from our customers;
- develop, test and apply appropriate actuarial projections and rating formulas;
- review and evaluate competitive product offerings and pricing dynamics;
- closely monitor and timely recognize changes in trends; and
- project both frequency and severity of our customers' losses with reasonable accuracy.

There are no assurances that we will have success in implementing our pricing methodology accurately in accordance with our assumptions. Our ability to accurately price our policies is subject to a number of risks and uncertainties, including:

- insufficient or unreliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions;
- our failure to implement appropriate actuarial projections and rating formulas or other pricing methodologies;
- incorrect or incomplete analysis of the competitive environment;
- regulatory constraints on rate increases; and
- our failure to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses, as well as unanticipated court decisions, legislation or regulatory action.

To address the potential inadequacy of our current business model, we may be compelled to increase the amount allocated to cover policy claims, increase premium rates or adopt tighter underwriting standards, any of which may result in a decline in new business and renewals and, as a result, could have a material adverse effect on our business, results of operations and financial condition.

Our exposure to loss activity and regulation may be greater in states where we currently have most of our customers: Texas, Georgia and Kentucky.

Approximately 40.1% of our gross written premium for the six months ended June 30, 2020 originated from customers in Texas, Georgia and Kentucky. As a result of this concentration, if a significant catastrophe event or series of catastrophe events occur, such as the recent outbreak of COVID-19, and cause material losses in Texas, Georgia or Kentucky, our business, financial condition and results of operation could be materially adversely affected. Further, as compared to our competitors who operate on a wider geographic scale, any adverse changes in the regulatory environment affecting property and casualty insurance in Texas, Georgia or Kentucky may expose us to more significant risks.

Our product development cycles are complex and subject to regulatory approval, and we may incur significant expenses before we generate revenues, if any, from new products.

Because our products are highly technical and require rigorous testing and regulatory approvals, development cycles can be complex. Moreover, development projects can be technically challenging and expensive, and may be delayed or defeated by the inability to obtain licensing or other regulatory approvals. The nature of these development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenues, if any, from such expenses. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of products that are competitive in the marketplace, this could materially and adversely affect our business and results of operations. Additionally, anticipated customer demand for a product we are developing could decrease after the development cycle has commenced. Such decreased customer demand may cause us to fall short of our sales targets, and we may nonetheless be unable to avoid substantial costs associated with the product's development. If we are unable to complete product development cycles successfully and in a timely fashion and generate revenues from such future products, the growth of our business may be harmed.

New lines of business or new products and services may subject us to additional risks.

From time to time, we may implement or may acquire new lines of business, including those outside of the insurance industry, or offer new products and services within existing lines of business. There are risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed or are

evolving. In developing and marketing new lines of business and new products and services, we may invest significant time and resources. In addition, new business ventures may require different strategic management competencies and risk considerations compared to those of a traditional insurance company or compared to those of our existing management team. External factors, such as regulatory compliance obligations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have an adverse effect on our business, results of operations and financial condition.

Litigation and legal proceedings filed by or against us and our subsidiaries could have a material adverse effect on our business, results of operations and financial condition.

From time to time, we are subject to allegations, and may be party to litigation and legal proceedings relating to our business operations. Litigation and other proceedings may include complaints from or litigation by customers or reinsurers, related to alleged breaches of contract or otherwise. We expect that as our market share increases, competitors may pursue litigation to require us to change our business practices or offerings and limit our ability to compete effectively.

As is typical in the insurance industry, we continually face risks associated with litigation of various types arising in the normal course of our business operations, including disputes relating to insurance claims under our policies as well as other general commercial and corporate litigation. Although we are not currently involved in any material litigation with our customers, members of the insurance industry are periodically the target of class action lawsuits and other types of litigation, some of which involve claims for substantial or indeterminate amounts, and the outcomes of which are unpredictable. This litigation is based on a variety of issues, including sale of insurance and claim settlement practices. In addition, because we employ a technology platform to collect customer data, it is possible that customers or consumer groups could bring individual or class action claims alleging that our methods of collecting data and pricing risk are impermissibly discriminatory. We cannot predict with any certainty whether we will be involved in such litigation in the future or what impact such litigation would have on our business. If we were to be involved in litigation and it was determined adversely, it could require us to pay significant damages or to change aspects of our operations, either of which could have a material adverse effect on our financial results. Even claims without merit can be time-consuming and costly to defend, and may divert management's attention and resources away from our business and adversely affect our business, results of operations and financial condition. Additionally, routine lawsuits over claims that are not individually material could in the future become material if aggregated with a substantial number of similar lawsuits. In addition to increasing costs, a significant volume of customer complaints or litigation could also adversely affect our brand and reputation, regardless of whether such allegations have merit or whether we are liable. We cannot predict with certainty the costs of defense, the costs of prosecution, insurance coverage or the ultimate outcome of litigation or other proceedings filed by or against us, including remedies or damage awards, and adverse results in such litigation, and other proceedings may harm our business and financial condition.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2019, we had federal income tax net operating losses, or NOLs, of approximately $320.0 million available to offset our future taxable income, if any, prior to consideration of annual limitations that may be imposed under Section 382 of the Code, or otherwise. Of our NOLs, $208.8 million of losses will begin to expire in 2035 and $111.2 million of losses can be carried forward indefinitely.

We may be unable to fully use our NOLs, if at all. Under Section 382 of the Code, if a corporation undergoes an "ownership change" (very generally defined as a greater than 50% change, by value, in the corporation's equity ownership by certain shareholders or groups of shareholders over a rolling three-year period), the corporation's ability to use its pre-ownership change NOLs to offset its post-ownership change income may be limited. We have experienced ownership changes in the past, and we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, including this offering, some of which may be outside of our control. If we undergo an ownership change, we may be prevented from fully utilizing our NOLs existing at the time of the ownership change prior to their expiration. Future regulatory changes could also limit our ability to utilize our

NOLs. To the extent we are not able to offset future taxable income with our NOLs, our net income and cash flows may be adversely affected.

The Tax Cuts and Jobs Act, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, among other things, includes changes to U.S. federal tax rates and the rules governing NOL carryforwards. For federal NOLs arising in tax years beginning after December 31, 2017, the Tax Act as modified by the CARES Act limits a taxpayer's ability to utilize NOL carryforwards in taxable years beginning after December 31, 2020 to 80% of taxable income. In addition, federal NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but carryback of NOLs are generally permitted to the prior five taxable years only for NOLs arising in taxable years beginning before 2021 and after 2017. Deferred tax assets for NOLs will need to be measured at the applicable tax rate in effect when the NOLs are expected to be utilized. The new limitation on use of NOLs may significantly impact our ability to utilize our NOLs to offset taxable income in the future. In addition, for state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California recently imposed limits on the usability of California state net operating losses to offset taxable income in tax years beginning after 2019 and before 2023.

Future acquisitions or investments could disrupt our business and harm our financial condition.

In the future we may pursue acquisitions or investments that we believe will help us achieve our strategic objectives. There is no assurance that such acquisitions or investments will perform as expected or will be successfully integrated into our business or generate substantial revenue, and we may overestimate cash flow, underestimate costs or fail to understand the risks of or of related to any investment or acquired business. The process of acquiring a business, product or technology can also cause us to incur various expenses and create unforeseen operating difficulties, expenditures and other challenges, whether or not those acquisitions are consummated, such as:

- intense competition for suitable acquisition targets, which could increase prices and adversely affect our ability to consummate deals on favorable or acceptable terms;
- inadequacy of reserves for losses and loss adjustment expenses;
- failure or material delay in closing a transaction, including as a result of regulatory review and approvals;
- regulatory conditions attached to the approval of the acquisition and other regulatory hurdles;
- a need for additional capital that was not anticipated at the time of the acquisition;
- anticipated benefits not materializing or being lower than anticipated;
- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- transition of the acquired company's customers;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- retention of employees or business partners of an acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;

- coordination of product development and sales and marketing functions;
- theft of our trade secrets or confidential information that we share with potential acquisition candidates;
- risk that an acquired company or investment in new offerings cannibalizes a portion of our existing business;
- adverse market reaction to an acquisition;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, users, former stockholders or other third parties.

If we are unable to address these difficulties and challenges or other problems encountered in connection with any future acquisition or investment, we might not realize the anticipated benefits of that acquisition or investment and we might incur unanticipated liabilities or otherwise suffer harm to our business generally.

To the extent that we pay the consideration for any future acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Future acquisitions or investments could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, increased interest expenses or impairment charges against goodwill on our consolidated balance sheet, any of which could seriously harm our business.

Risks Related to Our Business Model and Industry

The insurance business, including the market for automobile, renters and homeowners insurance, is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.

Historically, insurers have experienced significant fluctuations in operating results due to competition, frequency and severity of catastrophic events, levels of capacity, adverse litigation trends, regulatory constraints, general economic conditions, and other factors. The supply of insurance is related to prevailing prices, the level of insured losses and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the insurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity increased premium levels. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers and general economic conditions. All of these factors fluctuate and may contribute to price declines generally in the insurance industry.

We cannot predict with certainty whether market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. Additionally, negative market conditions could result in a decline in policies sold, an increase in the frequency of claims and premium defaults, and an uptick in the frequency of falsification of claims. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially and adversely affected. Any of these factors could lead to an adverse effect on our business, results of operations and financial condition.

Reinsurance may be unavailable at current levels and prices, which may limit our ability to underwrite new policies. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material effect on our results of operations and financial condition.

Reinsurance is a contract by which an insurer, which may be referred to as the ceding insurer, agrees with a second insurer, called a reinsurer, that the reinsurer will cover a portion of the losses incurred by the ceding insurer

in the event a claim is made under a policy issued by the ceding insurer, in exchange for a premium. Our regulated insurance subsidiary, Root Insurance Company, obtains reinsurance to help manage its exposure to property and casualty insurance risks. Although our reinsurance counterparties are liable to us according to the terms of the reinsurance policies, we remain primarily liable to our policyholders as the direct insurers on all risks reinsured. As a result, reinsurance does not eliminate the obligation of our regulated insurance subsidiary to pay all claims, and we are subject to the risk that one or more of our reinsurers will be unable or unwilling to honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, limiting recovery. We are also subject to the risk that under applicable insurance laws and regulations we may not be able to take credit for the reinsurance on our financial statements and instead would be required to hold separate admitted assets as reserves to cover claims on the risks that we have ceded to the reinsurer. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success.

Market conditions beyond our control impact the availability and cost of the reinsurance we purchase. No assurances can be made that reinsurance will remain continuously available to us to the same extent and on the same terms and rates as is currently available, as such availability depends in part on factors outside of our control. A new contract may not provide sufficient reinsurance protection. Market forces and external factors, such as significant losses from hurricanes or terrorist attacks or an increase in capital and surplus requirements, impact the availability and cost of the reinsurance we purchase. If we were unable to maintain our current level of reinsurance or purchase new reinsurance protection in amounts that we consider sufficient at acceptable prices, we would have to either accept an increase in our catastrophe exposure, reduce our insurance underwritings, or develop or seek other alternatives.

The unavailability of acceptable reinsurance protection would have a materially adverse impact on our business model, which depends on reinsurance companies to absorb any unfavorable variance from the level of losses anticipated at underwriting. If we are unable to obtain adequate reinsurance at reasonable rates, we would have to increase our risk exposure or reduce the level of our underwriting commitments, each of which could have a material adverse effect upon our business volume and profitability. Alternatively, we could elect to pay higher than reasonable rates for reinsurance coverage, which could have a material adverse effect upon our profitability unless policy premium rates could be raised, in most cases subject to approval by state regulators, to offset this additional cost.

Reinsurance subjects us to risks of our reinsurers and may not be adequate to protect us against losses arising from ceded insurance, which could have a material effect on our results of operations and financial condition.

The collectability of reinsurance recoverables is subject to uncertainty arising from a number of factors, including changes in market conditions, whether insured losses meet the qualifying conditions of the reinsurance contract and whether reinsurers, their affiliates, or certain regulatory bodies have the financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract. Any disruption, volatility and uncertainty in the financial reinsurance markets may decrease our ability to access such markets on favorable terms or at all. In addition, we are subject to the risk that one or more of our reinsurers will not honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, limiting recovery. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. In addition, any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success. Our inability to collect a material recovery from a reinsurer could have a material effect on our results of operations and financial condition.

We are subject to extensive regulation and potential further restrictive regulation may increase our operating costs and limit our growth.

We are subject to extensive laws and regulations by the individual state insurance departments in the states in which we transact business and the Cayman Island Monetary Authority as it pertains to our captive reinsurance company. These laws and regulations are complex and subject to change. Changes may sometimes lead to additional expenses, increased legal exposure, increased required reserves or capital and surplus, and additional limits on our ability to grow or to achieve targeted profitability. Regulations to which our licensed insurance carriers and producer subsidiaries are subject include, but are not limited to:

- prior approval of transactions resulting in a change of "control";
- approval of policy forms and premiums;
- approval of intercompany service agreements;
- statutory and risk-based capital solvency requirements, including the minimum capital and surplus our regulated insurance subsidiary must maintain;
- establishing minimum reserves that insurance carriers must hold to pay projected insurance claims;
- required participation by our regulated insurance subsidiary in state guaranty funds;
- restrictions on the type and concentration of our regulated insurance subsidiary's investments;
- restrictions on the advertising and marketing of insurance;
- restrictions on the adjustment and settlement of insurance claims;
- restrictions on the use of rebates to induce a policyholder to purchase insurance;
- restrictions on the sale, solicitation and negotiation of insurance;
- restrictions on the sharing of insurance commissions and payment of referral fees;
- prohibitions on the underwriting of insurance on the basis of race, sex, religion and other protected classes;
- restrictions on our ability to use telematics to underwrite and price insurance policies, such as in California;
- restrictions on the ability of our regulated insurance subsidiary to pay dividends to us or enter into certain related party transactions without prior regulatory approval;
- rules requiring the maintenance of statutory deposits for the benefit of policyholders;
- privacy regulation and data security;
- regulation of corporate governance and risk management;
- periodic examinations of operations, finances, market conduct and claims practices; and required periodic financial reporting.

To the extent we decide to expand our current product offerings to include other insurance products, this would subject us to additional regulatory requirements and scrutiny in each state in which we elect to offer such products. Several states have also adopted legislation prohibiting unfair methods of competition and unfair or deceptive acts and practices in the business of insurance as well as unfair claims practices. Prohibited practices include, but are not limited to, misrepresentations, false advertising, coercion, disparaging other insurers, unfair claims settlement procedures, and discrimination in the business of insurance. See the section titled "Regulation — Unfair Claims Practices" for additional information. Noncompliance with any of such state statutes may subject us to regulatory action by the relevant state insurance regulator, and possibly private litigation. States also regulate various aspects of

the contractual relationships between insurers and independent agents as well as, in certain states, insurers and third-party administrators.

Although state insurance regulators have primary responsibility for administering and enforcing insurance regulations in the United States, such laws and regulations are further administered and enforced by a number of additional governmental authorities, each of which exercises a degree of interpretive latitude, including state securities administrators; state attorneys general as well as federal agencies including the SEC, the Financial Industry Regulatory Authority, the Federal Reserve Board, the Federal Insurance Office, the U.S. Department of Labor, the U.S. Department of Justice and the National Labor Relations Board. Consequently, compliance with any particular regulator's or enforcement authority's interpretation of a legal issue may not result in compliance with another's interpretation of the same issue, particularly when compliance is judged in hindsight. Such regulations or enforcement actions are often responsive to current consumer and political sensitivities, which may arise after a major event. Such rules and regulations may result in rate suppression, limit our ability to manage our exposure to unprofitable or volatile risks, or lead to fines, premium refunds or other adverse consequences. The federal government also may regulate aspects of our businesses, such as the protection of consumer confidential information or the use of consumer insurance (credit) scores to underwrite and assess the risk of customers under the Fair Credit Reporting Act, or FCRA. Among other things, the FCRA requires that insurance companies (i) have a permissible purpose before obtaining and using a consumer report for underwriting purposes and (ii) comply with related notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws could subject us to regulatory fines and other sanctions. In addition, given our short operating history to-date and rapid rate of growth, we are vulnerable to regulators identifying errors in the policy forms we use, the rates we charge, with respect to our customer communications. As a result of such noncompliance, regulators could impose fines, rebates or other penalties, including cease-and-desist orders with respect to our operations in an individual state, or all states, until the identified noncompliance is rectified.

In addition, there is risk that any particular regulator's or enforcement authority's interpretation of a legal issue or the scope of a regulator's authority may change over time to our detriment. There is also a risk that changes in the overall legal environment may cause us to change our views regarding the actions we need to take from a legal risk management perspective. This would necessitate changes to our practices that may adversely impact our business. Furthermore, in some cases, these laws and regulations are designed to protect or benefit the interests of a specific constituency rather than a range of constituencies. State insurance laws and regulations are generally intended to protect the interests of purchasers or users of insurance products, rather than the holders of securities that we issue. For example, state insurance laws are generally prescriptive with respect to the content and timeliness of notices we must provide policyholders. We recently became aware that we likely failed to comply with certain notice period timeliness requirements when cancelling a number of policies for nonpayment, as a result of which we could be liable for claims made under those policies. We are currently working to determine the exact extent to which cancellations were affected, and currently cannot predict with any certainty what impact, if any, these non-cancellations may have on our business, results of operations and financial condition, although this impact could be material. Failure to comply with other state insurance laws and regulations in the future could also have a material adverse effect on our business, operating results and financial condition. As another example, the federal government could pass a law expanding its authority to regulate the insurance industry, expanding federal regulation over our business to our detriment. These laws and regulations may limit our ability to grow, to raise additional capital or to improve the profitability of our business.

Our ability to retain state licenses depends on our ability to meet licensing requirements established by the NAIC and adopted by each state, subject to variations across states. If we are unable to satisfy the applicable licensing requirements of any particular state, we could lose our license to do business in that state, which would result in the temporary or permanent cessation of our operations in that state. Alternatively, if we are unable to satisfy applicable state licensing requirements, we may be subject to additional regulatory oversight, have our license suspended, or be subject to the seizure of assets. Any such events could adversely affect our business, results of operations or financial condition. See the sections titled (i) "Regulation — Insurance Regulation", (ii) "Regulation — Insurance Holding Company Regulation" and (iii) "Regulation — Required Licensing" for additional information.

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

From time to time, political events and positions affect the insurance market, including efforts to suppress rates to a level that may not allow us to reach targeted levels of profitability. For example, if our loss ratio compares favorably to that of the industry, state or provincial regulatory authorities may impose rate rollbacks, require us to pay premium refunds to policyholders, or challenge or otherwise delay our efforts to raise rates even if the property and casualty industry generally is not experiencing regulatory challenges to rate increases. Such challenges affect our ability to obtain approval for rate changes that may be required to achieve targeted levels of profitability and returns on equity. In particular due to the COVID-19 pandemic, state regulators and legislators are under increased political pressure to provide financial relief to policyholders through premium rebates or requiring insurers to pay claims arising from COVID-19 related losses, regardless of the applicable policy's exclusions. See the section titled "Regulation — Rate Regulation" for additional information.

In addition, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities and joint underwriting associations. Certain states also require insurers to offer coverage to all consumers, often restricting an insurer's ability to charge the price it might otherwise charge. In these markets, we may be compelled to underwrite significant amounts of business at lower-than-desired rates, possibly leading to an unacceptable return on equity. Laws and regulations of many states also limit an insurer's ability to withdraw from one or more lines of insurance there, except pursuant to a plan that is approved by the state insurance department. Additionally, as addressed above, certain states require insurers to participate in guaranty funds for impaired or insolvent insurance companies. These funds periodically assess losses against all insurance companies doing business in the state. See the section titled "Regulation — Insolvency Funds and Associations, Mandatory Pools, and Insurance Facilities" for additional information. Our results of operations and financial condition could be adversely affected by any of these factors.

State insurance regulators impose additional reporting requirements regarding enterprise risk on insurance holding company systems, with which we must comply as an insurance holding company.

In the past decade, various state insurance regulators have increased their focus on risks within an insurer's holding company system that may pose enterprise risk to the insurer. In 2012, the NAIC adopted significant amendments to the Insurance Holding Company Act and related regulations, or NAIC Amendments. The NAIC Amendments are designed to respond to perceived gaps in the regulation of insurance holding company systems in the United States. One of the major changes is a requirement that an insurance holding company system's ultimate controlling person submit annually to its lead state insurance regulator an "enterprise risk report" that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. As the ultimate controlling person in the insurance holding company system, we are required to file an annual enterprise risk report. Other changes include the requirement that a controlling person to submit prior notice to its domiciliary insurance regulator of a divestiture of control, having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates and expanding of the agreements between an insurer and its affiliates to be filed with its domiciliary insurance regulator. The NAIC Amendments must be adopted by the individual state legislatures and insurance regulators in order to be effective. See the section titled "Regulation — Insurance Holding Company Regulation" for additional information.

In 2012, the NAIC also adopted the Risk Management and Own Risk and Solvency Assessment Model Act, or the ORSA Model Act. The ORSA Model Act, as adopted by the various states, requires an insurance holding company system's Chief Risk Officer to submit annually to its lead state insurance regulator an Own Risk and Solvency Assessment Summary Report, or ORSA. The ORSA is a confidential internal assessment appropriate to the nature, scale and complexity of an insurer, conducted by that insurer of the material and relevant risks identified by the insurer associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. The ORSA Model Act must be adopted by the individual state legislature and insurance regulators in order to be effective. We cannot predict the impact, if any, that any other regulatory requirements may have on our

business, financial condition or results of operations. See the section titled "Regulation — ORSA" for additional information.

There is also risk that insurance holding company systems may become subject to group capital requirements at the holding company level. The NAIC is currently working to develop a group capital calculation framework that regulators may use for informational purposes. As envisioned, the framework is intended to complement the current holding company analytics framework by providing additional information to the lead state regulator for use in assessing group risks and capital adequacy. The NAIC has not promulgated a model law or regulation on this subject.

The increasing adoption by states of cybersecurity regulations could impose additional compliance burdens on us and expose us to additional liability.

In response to the growing threat of cyber-attacks in the insurance industry, certain jurisdictions have begun to consider new cybersecurity measures, including the adoption of cybersecurity regulations. On October 24, 2017, the NAIC adopted its Insurance Data Security Model Law, or the Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. Alabama, Connecticut, Delaware, Louisiana, Michigan, Mississippi, New Hampshire, Ohio, Indiana, South Carolina and Virginia have adopted versions of the Insurance Data Security Model Law, each with a different effective date, and other states may adopt versions of the Insurance Data Security Model Law in the future. The New York Department of Financial Services has promulgated its own Cybersecurity Requirements for Financial Services Companies that is not based upon the Insurance Data Security Model Law and requires insurance companies to establish and maintain a cybersecurity program and implement and maintain cybersecurity policies and procedures with specific requirements. In addition, some jurisdictions, such as Massachusetts, Nevada and California have enacted more generalized data security laws that apply to certain data that we process. Although we take steps to comply with financial industry cybersecurity regulations and other data security laws and believe we are materially compliant with their requirements, our failure to comply with new or existing cybersecurity regulations could result in material regulatory actions and other penalties. In addition, efforts to comply with new or existing cybersecurity regulations could impose significant costs on our business, which could materially and adversely affect our business, financial condition or results of operations.

We rely on technology and intellectual property from third parties for pricing and underwriting our insurance policies, handling claims and maximizing automation, the unavailability or inaccuracy of which could limit the functionality of our products and disrupt our business.

We use technology and intellectual property licensed from unaffiliated third parties in certain of our products, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use, the loss of our right to use any of this technology and intellectual property could result in delays in producing or delivering affected products until equivalent technology or intellectual property is identified, licensed or otherwise procured, and integrated. Our business would be disrupted if any technology and intellectual property we license from others or functional equivalents of this software were either no longer available to us or no longer offered to us on commercially reasonable terms or prices. In either case, we would be required either to attempt to redesign our products to function with technology and intellectual property available from other parties or to develop these components ourselves, which would result in increased costs and could result in delays in product sales and the release of new product offerings. Alternatively, we might be forced to limit the features available in affected products. Any of these results could harm our business, results of operations and financial condition.

We are subject to payment processing risk.

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

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in the payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, or if payment-related data are compromised due to a breach of data, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, results of operations and financial condition.

Our success depends upon the insurance industry continuing to move online at its current pace and the continued growth and acceptance of online and mobile app-based products and services as effective alternatives to traditional offline products and services.

We provide automobile and homeowners insurance products through our website and our online and mobile apps that compete with traditional offline counterparts. We do not offer insurance through traditional, offline brokers. We believe that the continued growth and acceptance of online products and services as well as those offered through mobile devices generally will depend, to a large extent, on the continued growth in commercial use of the internet and mobile apps, and the continued migration of traditional offline markets and industries online.

Purchasers of insurance may develop the perception that purchasing insurance products online or through a mobile app is not as effective as purchasing such products through a broker or other traditional offline methods, and the insurance market may not migrate online as quickly as (or at the levels that) we expect. Moreover, if, for any reason, an unfavorable perception develops that telematics, mobile engagement, a technology-based platform and/or bots are less efficacious than traditional offline methods of purchasing insurance, underwriting, claims processing, and other functions that use data automation, artificial intelligence and/or bots, or that our processes lead to unfair outcomes, our business, results of operations and financial condition could be adversely affected.

Our actual incurred losses may be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.

Our financial condition and results of operations depend on our ability to accurately price risk and assess potential losses and loss adjustment expenses under the terms of the policies we underwrite. Reserves do not represent an exact calculation of liability. Rather, reserves represent an estimate of what the expected ultimate settlement and administration of claims will cost, and the ultimate liability may be greater or less than the current estimate. In our industry, there is always the risk that reserves may prove inadequate since we may underestimate the cost of claims and claims administration.

We base our estimates on our assessment of known facts and circumstances, as well as estimates of future trends in claim severity, claim frequency, judicial theories of liability, and other factors. These variables are affected by both internal and external events that could increase our exposure to losses, including changes in actuarial projections, claims handling procedures, inflation, severe weather, climate change, economic and judicial trends and legislative and regulatory changes. We regularly monitor reserves using new information on reported claims and a

variety of statistical techniques to update our current estimate. Our estimates could prove to be inadequate, and this underestimation could have a material adverse effect on our financial condition.

Recorded claim reserves, including case reserves and incurred but not reported, or IBNR, claims reserves, are based on our estimates of losses after considering known facts and interpretations of the circumstances, including settlement agreements. Additionally, models that rely on the assumption that past loss development patterns will persist into the future are used. Internal factors are considered including our experience with similar cases, actual claims paid, historical trends involving claim payment patterns, pending levels of unpaid claims, loss management programs, product mix, state mix, contractual terms industry payment and reporting patterns, and changes in claim reporting, and settlement practices. External factors are also considered, such as court decisions, changes in law and litigation imposing unintended coverage. We also consider benefits, such as requiring the availability of multiple limits for a single loss occurrence. Regulatory requirements and economic conditions are also considered.

Since reserves are estimates of the unpaid portion of losses and expenses for events that have occurred, including IBNR losses, the establishment of appropriate reserves, including reserves for catastrophes, is an inherently uncertain and complex process that is regularly refined to reflect current estimation processes and practices. The ultimate cost of losses may vary materially from recorded reserves and such variance may adversely affect our results of operations and financial condition as the reserves and reinsurance recoverables are reestimated.

If any of our insurance reserves should prove to be inadequate for the reasons discussed above, or for any other reason, we will be required to increase reserves, resulting in a reduction in our net income and stockholders' equity in the period in which the deficiency is identified. Future loss experience substantially in excess of established reserves could also have a material adverse effect on future earnings and liquidity and financial rating, which would affect our ability to attract new business or to retain existing customers.

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

Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a diversified portfolio of investments in accordance with our investment policy, which is routinely reviewed by the Audit Committee of our regulated insurance subsidiary, Root Insurance Company. However, our investments are subject to general economic and market risks as well as risks inherent to particular securities.

Our primary market risk exposures are to changes in interest rates. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk." In recent years, interest rates have been at or near historic lows. A protracted low interest rate environment would continue to place pressure on our net investment income, particularly as it relates to fixed income securities and short-term investments, which, in turn, may adversely affect our operating results. Future increases in interest rates could cause the values of our fixed income securities portfolios to decline, with the magnitude of the decline depending on the maturity of the securities included in our portfolio and the amount by which interest rates increase. Some fixed income securities have call or prepayment options, which create possible reinvestment risk in declining rate environments. Other fixed income securities, such as mortgage-backed and asset-backed securities, carry prepayment risk or, in a rising interest rate environment, may not prepay as quickly as expected.

The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities we hold, or due to deterioration in the financial condition of an insurer that guarantees an issuer's payments on such investments. Downgrades in the credit ratings of fixed maturities also have a significant negative effect on the market valuation of such securities.

Such factors could reduce our net investment income and result in realized investment losses. Our investment portfolio is subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (i.e., the carrying amount) of the securities we hold in our portfolio does not reflect prices at which actual transactions would occur.

Risks for all types of securities are managed through the application of our investment policy, which establishes investment parameters that include, but are not limited to, maximum percentages of investment in certain types of securities and minimum levels of credit quality, which we believe are within applicable guidelines established by the NAIC. The maximum percentage and types of securities we may invest in are subject to the insurance laws regulations, which may change. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in certain circumstances, we would be required to dispose of such investments.

Although we seek to preserve our capital, we cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

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

There can be no assurances that specifically negotiated loss limitations or exclusions in our policies will be enforceable in the manner we intend, or at all. As industry practices and legal, judicial, social, and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. For example, many of our policies limit the period during which a customer may bring a claim, which may be shorter than the statutory period under which such claims can be brought against our customers. While these limitations and exclusions help us assess and mitigate our loss exposure, it is possible that a court or regulatory authority could nullify or void a limitation or exclusion, or legislation could be enacted modifying or barring the use of such limitations or exclusions. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In addition, court decisions, such as the 1995 Montrose decision in California could read policy exclusions narrowly so as to expand coverage, thereby requiring insurers to create and write new exclusions. Under the insurance laws, the insurer typically has the burden of proving an exclusion applies and any ambiguities in the terms of a loss limitation or exclusion provision are typically construed against the insurer. These issues may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the frequency or severity of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

As a holding company, we rely on dividends and payments from our subsidiaries to operate our business. Our ability to receive dividends and permitted payments from our insurance company subsidiaries is subject to regulatory constraints.

We are a holding company and, as such, have no direct operations of our own. We do not expect to have any significant assets other than our ownership of equity interests in our operating subsidiaries. We accordingly depend on the payment of funds from our subsidiaries in the form of dividends, distributions or otherwise to meet our obligations and to pay our expenses. The ability of our subsidiaries to make any payments to us depends on their earnings, the terms of their indebtedness, including the terms of any credit facilities and legal restrictions.

In addition, the payment of any extraordinary dividend by Root Insurance Company, our regulated insurance subsidiary, requires the prior approval of the superintendent of the Ohio DOI. For purposes of determining whether such prior approval must be sought, an “extraordinary dividend” constitutes: (i) any distribution whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, exceeds the greater of (a) ten per cent of Root Insurance Company’s policyholder surplus as of December 31 of the preceding year, or (b) Root Insurance Company’s net income for the twelve-month period ending December 31 of the preceding year or (ii) any dividend or distribution paid by Root Insurance Company from other than earned surplus. As of December 31, 2019, Root Insurance Company was not permitted to pay any dividends to us without approval of the superintendent of the Ohio DOI. Our operating subsidiaries, including Root Insurance Company, may be unable to pay dividends in the future, and the limitations of such dividends could adversely affect our business,

liquidity or financial condition. See the section titled "Regulation — Restrictions on Paying Dividends" for additional information.

Risks Related to this Offering and Ownership of Our Class A Common Stock

We do not know whether an active, liquid and orderly trading market will develop for our Class A common stock or what the market price of our Class A common stock will be, and as a result it may be difficult for you to sell your shares of our Class A common stock.

Prior to this offering there has been no public market for shares of our Class A common stock. An active trading market for our shares may never develop or be sustained following this offering. You may not be able to sell your shares quickly or at the market price if trading in shares of our Class A common stock is not active. The initial public offering price for our Class A common stock will be determined through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of the Class A common stock after the offering. As a result of these and other factors, you may be unable to resell your shares of our Class A common stock at or above the initial public offering price. Further, an inactive market may also impair our ability to raise capital by selling shares of our Class A common stock and may impair our ability to enter into strategic partnerships or acquire companies or products by using our shares of Class A common stock as consideration.

The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence the outcome of important transactions.

Our Class B common stock has ten votes per share and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Our existing stockholders, all of which hold shares of Class B common stock, will collectively beneficially own shares representing approximately % of the voting power of our outstanding capital stock following the completion of this offering. Our directors and executive officers and their affiliates will collectively beneficially own, in the aggregate, shares representing approximately % of the voting power of our outstanding capital stock immediately following the completion of this offering, based on the number of shares outstanding as of June 30, 2020. As a result, the holders of our Class B common stock will be able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock.

Further, future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

We cannot predict the impact our dual class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual class structure, combined with the concentrated control of our stockholders who held our capital stock prior to the completion of our initial public offering, including our executive officers, employees and directors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indexes. For example, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock

indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

The price of our stock may be volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock could be volatile, and you could lose all or part of your investment. The following factors, in addition to other factors described in this "Risk Factors" section and included elsewhere in this prospectus, may have a significant impact on the market price of our Class A common stock:

- the occurrence of severe weather events and other catastrophes;
- our operating and financial performance, quarterly or annual earnings relative to similar companies;
- publication of research reports or news stories about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- announcements by us or our competitors of acquisitions, business plans or commercial relationships;
- any major change in our board of directors or senior management;
- sales of our Class A common stock by us, our directors, executive officers, principal shareholders, or senior management;
- adverse market reaction to any indebtedness we may incur or refinance or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Class A common stock;
- exposure to capital market risks related to changes in interest rates, realized investment losses, credit spreads, equity prices, foreign exchange rates and performance of insurance-linked investments;
- our creditworthiness, financial condition, performance, and prospects;
- our dividend policy and whether dividends on our Class A common stock have been, and are likely to be, declared and paid from time to time;
- perceptions of the investment opportunity associated with our Class A common stock relative to other investment alternatives;
- regulatory or legal developments;
- changes in general market, economic, and political conditions;
- conditions or trends in our industry, geographies or customers;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- threatened or actual litigation or government investigations.

In addition, broad market and industry factors may negatively affect the market price of our Class A common stock, regardless of our actual operating performance, and factors beyond our control may cause our stock price to decline rapidly and unexpectedly. In addition, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, results of operations or prospects. Any adverse determination in litigation could also subject us to significant liabilities.

Applicable insurance laws may make it difficult to effect a change of control.

Under applicable state insurance laws and regulations, no person may acquire "control" of a domestic insurer until written approval is obtained from the state insurance commissioner. Root Insurance Company is domiciled in Ohio. Applicable Ohio law provides for a rebuttable presumption of "control" by any person which owns or acquires, directly or indirectly, 10% or more of the voting stock of the insurance company. Under applicable Ohio law, a person must seek regulatory approval from the superintendent of the Ohio DOI prior to acquiring direct or indirect "control" of a domestic insurer by filing a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer, or Form A. As part of this Form A application, the entity acquiring control (as well as any controlling shareholders of such entity) will need to submit, along with other documents and disclosures, its financial statements, organizational charts and biographical affidavits for any officers, directors and controlling shareholders of each applicable entity. Would-be acquirors may find these requirements burdensome, which could deter potential acquisition proposals and may serve to delay or prevent change of control transactions, including transactions that some or all of the stockholders might consider to be desirable. These requirements may also inhibit our ability to acquire an insurance company should we wish to do so in the future. See the section titled "Regulation — Change of Control" for additional information.

If you purchase our Class A common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The initial public offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our Class A common stock. Investors purchasing Class A common stock in this offering will pay a price per share that substantially exceeds the pro forma as adjusted book value of our tangible assets after subtracting our liabilities. Based on the assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma as adjusted net tangible book value per share after this offering and the initial public offering price per share. After this offering, we will also have outstanding options and warrants to purchase Class B common stock with exercise prices lower than the initial public offering price. To the extent these outstanding options or warrants are exercised, there will be further dilution to investors in this offering. See the section titled "Dilution" for additional information.

We are an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the year in which we complete this offering, although circumstances could cause us to lose that status earlier. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.07 billion or (c) in which we are deemed to be a large accelerated filer, which requires the market value of our Class A common stock that is held by non-affiliates to exceed $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public

company effective dates. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

As a public company, we will be subject to more stringent federal and state law requirements.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd–Frank Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Despite reforms made possible by the JOBS Act, compliance with these rules and regulations will nonetheless increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, results of operations, financial condition and prospects could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our brand and reputation, business, results of operations, financial condition and prospects. We also expect that being a public company and the associated rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain adequate coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

We do not intend to pay dividends on our Class A common stock so any returns will be limited to the value of our stock.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Additionally, we are a holding company that transacts a majority of our business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders is largely dependent on receipt of dividends and other distributions from our subsidiaries. As addressed above, applicable insurance laws restrict the ability of our regulated insurance subsidiary to declare extraordinary stockholder dividends and require insurance companies to maintain specified levels of statutory capital and surplus. Insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amounts calculated under any applicable formula would be permitted. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our regulated insurance subsidiary may in the future adopt statutory provisions more restrictive than those currently in effect. See the section titled “Regulation — Restrictions on Paying Dividends” for additional information. Any return to stockholders will therefore be limited to the appreciation of their stock.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short- and intermediate-term, interest-bearing instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our stockholders. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting, investor relations and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Stockholder activism, the current political environment and the current high level of U.S. government intervention and regulatory reform may also lead to substantial new regulations and disclosure obligations, which may in turn lead to additional compliance costs and impact the manner in which we operate our business in ways we do not currently anticipate. Our management and other personnel will need to devote a substantial amount of time to comply with these requirements. Moreover, these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements.

If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our Class A common stock may decline.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the Sarbanes-Oxley Act, the requirements of being a reporting company under the Exchange Act and any complex accounting rules in the future, we may need to upgrade our information technology systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. We are currently in the process of hiring additional accounting and finance staff as we grow our business. If we are unable to hire the additional accounting and finance staff necessary to comply with these requirements, we may need to retain additional outside consultants. If we or, if required, our auditors, are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in our financial reporting and the trading price of our Class A common stock may decline.

There can be no assurance that there will not be material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Sales of a substantial number of shares of our Class A common stock by our existing stockholders in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our Class A common stock could decline. Based on shares outstanding as of June 30, 2020, upon the closing of this offering, we will have outstanding a total of shares of Class A common stock and

shares of Class B common stock. Of these shares, only the shares of Class A common stock sold in this offering by us, plus any shares sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable without restriction in the public market immediately following this offering. The underwriters, however, may, in their sole discretion, permit our officers, directors and other stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

We expect that the lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. In addition, shares of Class A common stock that are either subject to outstanding options or reserved for future issuance under the 2020 Plan will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act of 1933, as amended, or the Securities Act. If these additional shares of Class A common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our Class A common stock could decline.

After this offering, the holders of shares of our capital stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up agreements described above. See the section titled "Description of Capital Stock—Registration Rights". Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our Class A common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price of our Class A common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;

- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- prohibit our stockholders from calling a special meeting of our stockholders;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so-called "poison pill," that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 66 2⁄3% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or DGCL, which prohibits a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our Class A common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering will provide that we will indemnify our directors and officers, in each case, to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated bylaws that will be in effect upon the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaws provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

While we maintain directors' and officers' liability insurance, such insurance may not be adequate to cover all liabilities that we may incur, which may reduce our available funds to satisfy third-party claims and may adversely impact our cash position.

Our amended and restated certificate of incorporation that will become effective upon the completion of this offering provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation that will become effective upon the completion of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for the following claims or causes of action under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action for breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders;
- any claim or cause of action against us or any of our current or former directors, officers or other employees, arising out of or pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws;
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws;
- any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any claim or cause of action against us or any of our current or former directors, officers or other employees that is governed by the internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants.

This provision would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation that will become effective upon the completion of this offering will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to retain existing customers and acquire new customers;
- our expectations regarding our future financial performance, including total revenue, gross profit, adjusted gross profit, direct loss ratio, marketing costs, direct LAE ratio, quota share levels and expansion of our renewal premium base;
- our goal to be licensed in all states in the United States and the timing of obtaining additional licenses;
- the accuracy and efficiency of our telematics and behavioral data, and our ability to gather and leverage additional data;
- our ability to underwrite risks accurately and charge profitable rates;
- our ability to maintain our business model and improve our capital and marketing efficiency;
- our ability to drive improved conversion and decrease the cost of customer acquisition;
- our ability to maintain and enhance our brand and reputation;
- our ability to effectively manage the growth of our business;
- our ability to improve our product offerings, introduce new products and expand into additional insurance lines;
- our ability to cross sell our products and attain greater value from each customer;
- our lack of operating history and ability to attain profitability;
- our ability to compete effectively with existing competitors and new market entrants in our industry;
- future performance of the markets in which we operate;
- our ability to operate a "capital-light" business and obtain and maintain reinsurance contracts;
- our ability to expand our distribution channels through additional partnership relationships, digital media and referrals;
- our ability to protect our intellectual property and any costs associated therewith;
- our ability to expand domestically and internationally;
- our ability to raise additional capital;
- our ability to meet risk-based capital requirements;
- our ability to stay in compliance with laws and regulation that currently apply or become applicable to our business;
- the growth rates of the markets in which we compete; and

- our expected uses of the net proceeds from this offering.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. We also rely on our own research and estimates in this prospectus. None of the industry publications referred to in this prospectus were prepared on our or on our affiliates' behalf or at our expense. Although we believe the market opportunity, market size and other related data included in this prospectus is reliable, such information is inherently imprecise. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications and reports.

References in this prospectus to the $2 trillion total addressable market, or TAM, for global P&C insurance premiums include an estimated $400 billion in global accident and health, or A&H, insurance premiums.

Milliman has been retained by us to provide model validation services for our UBI model. Milliman's work was prepared solely to provide assistance to the company. Milliman does not intend to benefit and assumes no duty or liability to any party who receives this work.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares of Class A common stock in full) based on an assumed initial public offering price of $ per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of Class A common stock would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price of $ per share of Class A common stock remains the same, and after estimated deducting underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. We intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We cannot specify with certainty all of the particular uses for the remaining net proceeds to us from this offering. We may also use a portion of the net proceeds for acquisitions and/or strategic investments in complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any such acquisitions or investments at this time. We will have broad discretion over how to use the net proceeds to us from this offering. We intend to invest the net proceeds to us from the offering that are not used as described above in investment-grade, interest-bearing instruments.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. The terms and conditions of our term loans restrict our ability to pay dividends, and we may enter into additional agreements in the future that could also contain restrictions on payments of cash dividends. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financing Arrangements" for a further discussion of such term loans.

Additionally, we are a holding company that transacts a majority of its business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders is largely dependent on receipt of dividends and other distributions from our subsidiaries. Applicable insurance laws restrict the ability of our insurance subsidiary to declare stockholder dividends and require insurance companies to maintain specified levels of statutory capital and surplus. Insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amounts calculated under any applicable formula would be permitted. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our insurance subsidiary may in the future adopt statutory provisions more restrictive than those currently in effect. See the section titled "Regulation — Restrictions on Paying Dividends".

CAPITALIZATION

The following table sets forth our cash and cash equivalents, and our capitalization as of June 30, 2020 as follows:

- on an actual basis;
- on a pro forma basis to reflect (1) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of June 30, 2020 into shares of Class B common stock immediately prior to the completion of this offering, (2) the issuance of shares of our Class B common stock as a result of the automatic net exercise of a warrant to purchase 2,801,300 shares of our Class B common stock, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus and (3) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma and pro forma as adjusted information below is illustrative only, and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included in this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other financial information contained in this prospectus.

	As of June 30, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
	(in millions, except share and per share data)		
Cash, cash equivalents and restricted cash	$ 241.9		
Long-term debt	190.1		
Redeemable convertible preferred stock, $0.0001 par value per share; 169,959,130 shares authorized; 161,781,094 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	560.4		
Stockholders' deficit (equity):			
Preferred stock, $0.0001 par value per share: no shares authorized, issued or outstanding, actual; shares authorized and no shares issued or outstanding, pro forma and pro forma as adjusted	—		
Common stock, $0.0001 par value per share; 269,000,000 shares authorized, 41,425,056 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—		
Class A Common stock, $0.0001 par value per share; no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Class B Common stock, $0.0001 par value per share; no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma and pro forma as adjusted	—		
Additional paid-in capital	37.6		
Accumulated loss	(529.5)		
Total stockholders' (deficit) equity	(487.2)		
Total capitalization	$ 263.3	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share of Class A common stock, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and restricted cash, total stockholders' (deficit) equity and total capitalization by approximately $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share would increase (decrease) the pro forma as adjusted amount of each of cash, cash equivalents and restricted cash, total stockholders' (deficit) equity and total capitalization by approximately $ per share, assuming the assumed initial public offering price of $ per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and shares of our Class B common stock outstanding as of June 30, 2020, and excludes:

- 11,958,503 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2020, with a weighted-average exercise price of $1.6785 per share;
- 794,632 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after June 30, 2020, with a weighted-average exercise price of $8.2708 per share;
- 84,051 shares of our Class B common stock subject to RSUs outstanding, but for which the time-based vesting condition was not satisfied as of June 30, 2020;
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, plus a number of shares of Class A common stock not to exceed shares (consisting of the number of shares that remain available under our 2015 Plan, as of immediately prior to the effective date of the 2020 Plan and any shares underlying options outstanding under the 2015 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2020 Plan), as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for issuance under our 2020 Plan; and
- shares of our Class B common stock issuable upon exercise of outstanding warrants to purchase Class B common stock as of June 30, 2020, with a weighted-average exercise price of $ per share (excluding a warrant that will automatically net exercise in connection with the completion of this offering).

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock after this offering.

As of June 30, 2020, we had a pro forma net tangible book value (deficit) of $ million, or $ per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of our common stock outstanding as of June 30, 2020, after giving effect (1) to the automatic conversion of all shares of our redeemable convertible preferred stock outstanding as of June 30, 2020 into shares of our Class B common stock, (2) the issuance of shares of our Class B common stock as a result of the automatic net exercise of a warrant to purchase 2,778,608 shares of our Class B common stock, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and (3) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering.

After giving further effect to the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2020 would have been approximately $ million, or approximately $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately $ per share to new investors purchasing shares of Class A common stock in this offering.

Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their option to purchase additional shares of Class A common stock):

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 2020	$	
Increase in pro forma net tangible book value per share attributable to investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering		$

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately $ per share, and increase (decrease) the dilution in pro forma net tangible book value per share to new investors by approximately $ per share, in each case, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Each increase (decrease) of 1.0 million shares in the number of shares of Class A common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately $ per share and decrease (increase) the dilution to investors participating in this offering by approximately $ per share, in each case assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions.

If the underwriters exercise in full their option to purchase additional shares of Class A common stock in full, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in pro forma net tangible book value per share to existing stockholders would be $ per share and the dilution per share

to new investors would be $ per share, in each case assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

The following table summarizes on the pro forma as adjusted basis described above, as of June 30, 2020, the differences between the number of shares of common stock purchased from us by our existing stockholders and common stock by new investors purchasing shares in this offering, the total consideration paid to us in cash and the average price per share paid by existing stockholders for shares of common stock issued prior to this offering and the price to be paid by new investors for shares of Class A common stock in this offering. The calculation below is based on the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of the prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100 %		100 %	

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and shares of our Class B common stock outstanding as of June 30, 2020, and excludes:

- 11,958,503 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock outstanding as of June 30, 2020, with a weighted-average exercise price of $1.6785 per share;
- 794,632 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after June 30, 2020, with a weighted-average exercise price of $8.2708 per share;
- 84,051 shares of our Class B common stock subject to RSUs outstanding, but for which the time-based vesting condition was not satisfied as of June 30, 2020;
- shares of our Class A common stock reserved for future issuance under our 2020 Plan, plus a number of shares of Class A common stock not to exceed shares (consisting of the number of shares that remain available under our 2015 Plan, as of immediately prior to the effective date of the 2020 Plan and any shares underlying options outstanding under the 2015 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2020 Plan), as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for issuance under our 2020 Plan; and
- shares of our Class B common stock issuable upon exercise of outstanding warrants to purchase Class B common stock as of June 30, 2020, with a weighted-average exercise price of $ per share (excluding a warrant that will automatically net exercise in connection with the completion of this offering).

To the extent any outstanding options and warrants are exercised, there will be further dilution to new investors. If all of such outstanding options and warrants had been exercised as of June 30, 2020, the pro forma as adjusted net tangible book value per share after this offering would be $, and total dilution per share to new investors would be $.

If the underwriters exercise in full their option to purchase additional shares of Class A common stock, our existing stockholders would own % and the investors purchasing shares of our Class A common stock in this offering would own % of the total number of shares of our Class A common stock and Class B common stock outstanding immediately after completion of this offering.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial and operating data. The selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018 and 2019 and the selected consolidated balance sheet data as of December 31, 2018 and 2019 are derived from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected historical consolidated statements of operations and comprehensive loss data for the six months ended June 30, 2019 and 2020, and the consolidated balance sheet data as of June 30, 2020 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. You should read the following selected consolidated financial and operating data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. The selected audited consolidated financial and operating data in this section are not intended to replace our audited consolidated financial statements and the related notes and are qualified in their entirety by the audited consolidated financial statements and the related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of our results in any future period.

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(in millions, except per share data)			
Consolidated Statements of Operations and Comprehensive Loss				
Net premiums earned	$ 40.2	$ 275.3	$ 98.6	$ 233.5
Net investment income	1.2	5.2	1.7	3.2
Net realized gains (losses) on investments	—	—	—	0.1
Fee income	1.9	9.7	3.8	8.6
Total revenue	$ 43.3	$ 290.2	$ 104.1	$ 245.4
Operating expenses:				
Loss and loss adjustment expenses	43.5	321.4	109.6	227.2
Sales and marketing	40.3	109.6	39.2	53.2
Other insurance expense	10.2	52.3	18.9	26.6
Technology and development	8.2	24.0	8.4	27.3
General and administrative	9.3	43.0	22.4	42.2
Total operating expenses	111.5	550.3	198.5	376.5
Interest expense	0.9	22.3	2.6	13.4
Loss before income tax expense	(69.1)	(282.4)	(97.0)	(144.5)
Income tax expense	—	—	—	—
Net loss	(69.1)	(282.4)	(97.0)	(144.5)
Other comprehensive income:				
Changes in unrealized gain on investments	—	0.6	0.7	4.9
Comprehensive loss	$ (69.1)	$ (281.8)	$ (96.3)	$ (139.6)
Loss per common share: basic and diluted	$ (2.73)	$ (8.33)	$ (3.04)	$ (3.74)
Weighted-average common shares outstanding: basic and diluted	25.3	33.9	31.9	38.6
Pro forma net loss per share: basic and diluted (unaudited)		(1.54)		(0.71)
Pro forma weighted average common shares outstanding: basic and diluted (unaudited)		182.9		204.7

	As of December 31,		As of June 30,
	2018	2019	2020
	(dollars in millions)		
Consolidated Balance Sheet Data			
Total investments	$ 20.2	$ 122.8	$ 222.4
Cash and cash equivalents	122.3	391.7	240.9
Restricted cash	—	24.9	1.0
Total assets	216.0	728.6	706.8
Total liabilities	129.1	542.2	633.6
Redeemable convertible preferred stock	189.6	560.4	560.4
Total stockholders' (deficit)	(102.7)	(374.0)	(487.2)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Historical Consolidated Financial Data" and our consolidated financial statements and related notes and other information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this prospectus. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Our Business

Root is a technology company revolutionizing personal insurance with a pricing model based upon fairness and a modern customer experience.

The Root advantage is derived from our unique ability to segment individual risk based on complex behavioral data, a customer experience built for ease of use and a product offering made possible with our full-stack insurance structure, all uniquely integrated into a single cloud-based technology platform that captures the entire insurance value chain – from customer acquisition to underwriting to claims and administration to ongoing customer engagement.

- ***Behavioral Data and Proprietary Telematics.*** Today, we believe we are the only P&C insurance carrier with a scaled proprietary telematics solution designed to price an entire book of business. By collecting and synthesizing massive amounts of rich, sensory behavioral data across thousands of driving variables, including distracted driving, we strive to price based more on causality than correlation. This allows us to price our customers' policies more fairly—and in turn they pay premiums commensurate with their individual risk profile.

- ***Root Customer Experience.*** Our mobile-first customer experience is designed to make insurance simple. Our customers can on-board through their mobile phone in as little as 47 seconds, without touching their keyboard. Our customers can manage policy adjustments digitally, including through intelligent chat functions.

- ***Full-Stack Insurance Structure.*** We are a full-stack insurance carrier, which affords us complete autonomy with regards to the capabilities and features differentiating our product as well as our pace of innovation. We own and control nearly every aspect of policy design, origination, underwriting, claims and back-end processing, which enables us to iterate constantly and move quickly devoid of major third-party dependencies and inefficiencies. Additionally, we have the flexibility to adjust our use of reinsurance in response to market conditions, optimizing to a "capital-light" business model. We are licensed in 36 states, and our goal is to be licensed in all 50 states by early 2021.

Since launch, our model has delivered rapid growth and continuously improving operating results. Our DWP grew from $106.4 million in 2018 to $451.1 million in 2019. For the six months ended June 30, 2020, our DWP was $306.5 million. Our revenue was $43.3 million and $290.2 million in 2018 and 2019, respectively, and our net losses were $69.1 million and $282.4 million, respectively. For the six months ended June 30, 2020, our revenue was $245.4 million and our net loss was $144.5 million. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Results of Operations".

Our Model

Our model revolves around using integrated data and technology to create a pricing advantage through granular risk segmentation. The data we collect feeds proprietary risk scoring models which assist us in identifying what we believe to be the riskiest 10 - 15% of drivers on the road, a group we have elected not to quote thus avoiding a risk segment that is up to two times more likely to get in an accident than our average targeted customer. Instead, we

strive to quote the remaining population fairly, often at a lower price than competitors, and build a more attractive book of business that contributes even more data to our flywheel.

Our model benefits from portfolio maturity. Today, our results are disproportionately weighted towards new customers. As of June 30, 2020, 47% of our portfolio was comprised of renewal premiums, compared to an industry standard of approximately 80%.

As we build an underlying base of recurring customers, we expect the following financial impact:

- ***Improve loss ratio.*** Loss ratios typically improve over the term of a customer relationship. For instance, we have observed loss ratios decline by 27% between the first and fourth term, which in turn drives profitability.
- ***Drive cross sell.*** Our product expansion provides an opportunity to generate additional premium without material incremental marketing cost. In the relatively short time since our product launch in active states, 5.4% of eligible auto customers have elected to bundle a renters policy with an auto policy.
- ***Maintain strong retention.*** As of June 30, 2020, our term one and term two policy retention rates, excluding policies that do not make it through the underwriting period and company-initiated rescissions, were 84% and 75%, respectively. Over time retention rates may improve as we build deep relationships with our customers, and already we are seeing an improvement in retention with bundled offerings. Our retention rates include customers that retain through the first day of the subsequent term and exclude policies that do not make it through the underwriting period, as defined by state law, and company-initiated rescissions. Adjusting for these customers reduces one and two term policy retention by 33% and 10%, respectively.
- ***Reduce marketing as a percentage of premium***. Recurring customer premiums have no associated customer acquisition costs and minimal underwriting costs, driving profitability.

We use technology to drive efficiency across all functions, including distribution, underwriting, policy administration and claims in particular. This allows us to operate with a cost to acquire and cost to serve advantage. We efficiently acquire customers directly through multiple channels, including digital (performance), strategic partnerships, channel media and referrals, and as a result our marketing costs are well below industry averages. Today, we acquire more than 75% of our customers through our mobile app and mobile website. Additionally, we are realizing operating efficiencies as we scale against our fixed expense base. Our claims management expenses, as represented by our LAE, are in line with peers within only two years of bringing claims management in-house and with room to improve as we further embed machine learning into our processes.

Capital Management

We operate a “capital-light” business model and utilize a variety of reinsurance structures to maximize returns on shareholder capital. Our capital management objectives include:

1. ***Top-Line Growth Without a Commensurate Increase in Regulatory Capital Requirements.*** We utilize a variety of reinsurance solutions, quota share in particular, to manage our net retained premium base within our U.S. statutory entity, Root Insurance Company. This enables us to pursue our top-line growth potential, but manage capital requirements to a more tolerable level as we hold minimal incremental capital against premium that we cede to our reinsurance partners. Net of third-party reinsurance, over the long term we expect this structure to enable us to write at least four dollars of net retained premium for each one dollar of capital held across Root Insurance Company and our wholly-owned, Cayman Islands-based captive reinsurer, Root Re. While our reinsurance activities cede a portion of the profit, we expect the net impact to be highly accretive to us on a return basis.
2. ***Support of Customer Acquisition Costs.*** When we enter into a quota share reinsurance agreement, it is only for a defined period of time that we share profits associated with our customer base. As we own the customer relationship, it is at our discretion what level of customer profit potential we seek to share via

reinsurance arrangements. In exchange for ceded premium, our reinsurance partners provide significant expense relief via a ceding commission, which we use to help defray customer acquisition costs.

3. ***Protection from Outsized Losses or Tail Events.*** Auto insurance is a stable insurance product with consistent and predictable underwriting results. At the same time, as a growth company with a "capital-light" business model, we believe it is prudent to protect against large or unanticipated losses stemming from tail events. We utilize XOL coverage to mitigate such risk. Our XOL coverage programs provide us with (i) catastrophe protection, (ii) severity protection, and (iii) frequency / aggregate protection. We purchase catastrophe and severity protection against the entirety of our direct earned premium base from a variety of leading global reinsurers. We purchase frequency / aggregate protection against 100% of our net retained premium base from a reinsurance platform that fully collateralizes its potential obligations to us via funding achieved in the insurance-linked security marketplace. In aggregate, we believe these innovative programs provide us with valuable capital and earnings preservation against remote negative scenarios.

We utilize quota share reinsurance with both third-party reinsurers as well as our wholly-owned Cayman reinsurance subsidiary, Root Re. As of July 1, 2020 we quota share approximately 70% of direct earned premiums to third-party reinsurers with a sequence of inception and maturity dates, and the majority of the ceded premiums covered on a cohort basis for four year duration. We quota share an additional 15% of direct earned premium to our captive as of July 1, 2020, which has an efficient capital structure and reduces our exposure to third-party market terms as we can easily increase cession levels if we find market terms unappealing. While third party quota share reinsurance has been core to our strategy since inception, beginning on July 1, 2020, we increased our use of third-party quota share reinsurance with the implementation of our staggered multi-treaty approach to our program. We expect to maintain this target level of third-party quota share reinsurance while rapidly growing our business in order to operate a capital light business model and mitigate market volatility. As our business scales, we expect to have the flexibility to reduce our quota share levels to maximize the return to shareholders.

Key Performance Indicators

We regularly review a number of metrics, including the following key performance indicators, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe these non-GAAP and operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with GAAP. See the section titled "— Non-GAAP Financial Measures" for additional information regarding our use of adjusted gross profit/(loss) and its reconciliation to the most comparable GAAP measures.

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(dollars in millions, except Premiums per Policy)			
Policies in Force				
Auto	111,736	281,310	220,536	334,327
Renters	—	1,747	—	5,974
Premiums per Policy				
Auto	$ 729	$ 904	$ 805	$ 909
Renters	$ —	$ 127	$ —	$ 139
Premiums in Force				
Auto	$ 162.9	$ 508.6	$ 355.1	$ 607.8
Renters	$ —	$ 0.2	$ —	$ 0.8
Direct Written Premium	$ 106.4	$ 451.1	$ 187.9	$ 306.5
Direct Earned Premium	$ 61.4	$ 352.9	$ 133.4	$ 295.8
Gross Profit/(Loss)	$ (10.4)	$ (83.5)	$ (24.4)	$ (8.4)
Gross Margin	(24.0)%	(28.8)%	(23.4)%	(3.4)%
Adjusted Gross Profit/(Loss)	$ (0.2)	$ (54.2)	$ (12.8)	$ 7.4
Ratio of Adjusted Gross Profit/(Loss) to Total Revenue	(0.5)%	(18.7)%	(12.3)%	3.0 %
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	(0.3)%	(15.4)%	(9.6)%	2.5 %
Direct Loss Ratio	93.6 %	99.9 %	96.4 %	81.3 %
Direct LAE Ratio	16.9 %	12.0 %	10.4 %	9.5 %

Policies in Force

We define policies in force as the number of current and active policyholders underwritten by us as of the period end date. We view policies in force as an important metric to assess our financial performance because policy growth drives our revenue growth, expands brand awareness, deepens our market penetration, and generates additional data to continue to improve the functioning of our platform.

Premiums per Policy

We define premiums per policy as the ratio of direct written premium on policies in force divided by policies in force. We view premiums per policy as an important metric since the higher the premiums per policy the greater the amount of earned premium we expect from each policy.

Premiums in Force

We define premiums in force as premiums per policy multiplied by policies in force multiplied by two. We view premiums in force as an estimate of annualized run rate of direct written premium as of a given period. Since our auto policies are six month policies, we multiply this figure by two in order to determine an annualized amount of premiums in force. We view this as an important metric because it is an indicator of the size of our portfolio of policies as well as an indicator of expected earned premium over the coming 12 months. Premiums in force is not a

forecast of future revenue nor is it a reliable indicator of revenue expected to be earned in any given period. We believe that our calculation of premiums in force is useful to investors and analysts because it captures the impact of growth in customers and premiums per policy at the end of each reported period, without adjusting for known or projected policy updates, cancellations and non-renewals.

Direct Written Premium

We define direct written premium, as the total amount of direct premium on policies that were bound during the period. We view direct written premium as an important metric because it is the metric that most closely correlates with our growth in direct earned premium. We use direct written premium, which excludes the impact of premiums ceded to reinsurers, to manage our business because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (direct loss ratio and direct LAE) are the key drivers of our future profit opportunities. Additionally, premiums ceded to reinsurers can change significantly based on the type and mix of reinsurance structures we use, and as such we have the optionality to fully retain the premiums from customers acquired in the future.

Direct Earned Premium

We define direct earned premium as the amount of direct premium that was earned during the period. Premiums are earned over the period in which insurance protection is provided, which is typically 6 months. We view direct earned premium as an important metric as it allows us to evaluate our growth prior to the impacts of reinsurance. It is the primary driver of our consolidated GAAP revenues. As with direct written premium, we use direct earned premium, which excludes the impact of premiums ceded to reinsurers to manage our business, because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (direct loss ratio and direct LAE) are the key drivers of our future profit opportunities.

Gross Profit/(Loss)

We define gross profit/(loss) as total revenue minus net loss and LAE expense and other insurance expense inclusive of depreciation and amortization. We view gross profit/(loss) as an important metric because we believe it is informative of the financial performance of our core insurance business.

Gross profit/(loss) margin is equal to gross profit/(loss) divided by revenue.

Adjusted Gross Profit/(Loss)

We define adjusted gross profit/(loss), a non-GAAP financial measure, as gross profit/(loss) excluding net investment income, and report costs, personnel costs, allocated overhead, licenses, professional fees and other expenses, which are included in other insurance expense. After these adjustments, the resulting calculation is inclusive of only those variable costs of revenue incurred on the successful acquisition of business. We view adjusted gross profit/(loss) as an important metric because we believe it measures our progress towards profitability for our core insurance business.

The ratio of adjusted gross profit/(loss) to total revenue is equal to adjusted gross profit/(loss) divided by revenue.

See the section titled "— Non-GAAP Financial Measures" for a reconciliation of total revenue to adjusted gross profit/(loss).

Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium

The ratio of adjusted gross profit/(loss) to direct earned premium measures the relationship between the underlying business volume and gross economic benefit generated by our underwriting operations, on the one hand, and our underlying profitability trends, on the other. We rely on this measure, which supplements our gross profit/(loss) ratio as calculated in accordance with GAAP, because it provides management with insight into our

underlying profitability trends with respect to our customer base. We use direct earned premium as the denominator in calculating this ratio because it reflects business volume free of elective capital efficiency choices related to our reinsurance programs.

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(dollars in millions)			
Numerator: Adjusted Gross Profit/(Loss)	$ (0.2)	$ (54.2)	$ (12.8)	$ 7.4
Denominator: Total Direct Earned Premium	61.4	352.9	133.4	295.8
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	(0.3)%	(15.4)%	(9.6)%	2.5 %

Direct Loss Ratio

We define direct loss ratio expressed as a percentage, as the ratio of direct losses to direct earned premium. Direct loss ratio excludes LAE. We view direct loss ratio as an important metric because it allows us to evaluate incurred losses and LAE separately prior to the impact of reinsurance.

Direct LAE Ratio

We define direct LAE ratio expressed as a percentage, as the ratio of direct LAE to direct earned premium. We view direct LAE ratio as an important metric because it allows us to evaluate incurred losses and LAE separately. Currently, we do not cede any of our LAE to third-party reinsurers; therefore, we actively monitor LAE ratio as it has a direct impact on our results regardless of our reinsurance strategy.

Recent Developments Affecting Comparability

COVID-19 Impact

In December 2019, COVID-19 was first reported in Wuhan, China and in March 2020, the World Health Organization declared a global pandemic. The global pandemic has severely impacted businesses worldwide, including within the insurance industry. We have been impacted by certain individual state bulletins that outline COVID-19 premium relief efforts, including restrictions on the ability to cancel policies for non-payment, requiring deferral of insurance premium payments for up to 60 days and restrictions on increasing policy premiums. COVID-19 has impacted and may further impact the broader economic environment, including negatively impacting unemployment levels, economic growth, the proper functioning of financial and capital markets and interest rates. As the COVID-19 pandemic continues to develop, there is uncertainty around the severity and duration of the pandemic and the pandemic's potential change on our business and our financial performance. See the section titled "Risk Factors" for more details.

Comprehensive Reinsurance

We expect to continue to utilize reinsurance in the future, and our diversified approach to reinsurance allows us to be flexible in response to market conditions, which allows us to strategically fuel growth and technology investment by optimizing the amount of capital required in a "capital-light" model.

Key Factors and Trends Affecting our Operating Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including the following:

Our Ability to Attract New Customers

Our long-term growth will depend, in large part, on our continued ability to attract new customers to our platform. We intend to continue to drive new customer growth by leveraging our differentiated consumer experience and our telematics-based pricing. Additionally, our proprietary dataset will continue to scale as we grow, enabling us to enhance our predictive models that will further improve pricing and attract potential new customers. We will also

continue to target attractive potential customer segments through our digital marketing channels and strategic partnerships. Similarly, we intend to increase our presence in digital and traditional channel media and launch a national advertising campaign to build our brand awareness. Our ability to attract new customers will depend on a number of factors, including the pricing of our products, offerings of our competitors, our ability to expand into new markets, and the effectiveness of our marketing efforts. Our ability to attract and retain customers depends on maintaining and strengthening our brand by providing superior customer experiences and competitive pricing. In particular, we are challenged by traditional insurers who have more diverse product offerings and longer established operating histories. These competitors can mimic certain aspects of our digital platform and offerings and as they have more types of insurance products, can offer customers the ability to "bundle" multiple coverage types together, which may be attractive to many customers.

Our Ability to Retain Customers

Our ability to derive significant lifetime value from our customer relationships depends, in part, on our ability to retain our customers over time. Strong retention allows us to build a recurring revenue base, generating additional premiums term over term without material incremental marketing costs. As we broadly retain customers and our book of business evolves to be more weighted towards renewals versus new business, as is the case with our mature competitors, we will benefit from the inherently lower loss ratios that characterize renewed premiums. Our ability to retain customers will depend on a number of factors, including our customers' satisfaction with our products, offerings of our competitors and pricing of products.

Our Ability to Expand Premiums and Fee Income Per Policy Through Cross-Sell

We are in the early stages of cross-selling non-auto products across our customer base. In 2019, we began offering renters insurance and, in May 2020, we launched our homeowners insurance policy in partnership with Homesite Insurance, or Homesite. Cross-sales allow us to generate additional premiums (renters) and fee income (homeowners) without material incremental marketing spend, and ultimately higher revenue per customer. We have also observed that bundling products with auto insurance improves retention as the relationship with our customer expands. Our success in expanding revenues through cross-sales depends on our marketing efforts with new products, continuous state expansion of these offerings and the pricing of our bundled products. The success of our renters insurance offering is also subject to our ability to develop underwriting capabilities to adequately price renters risk.

Our Ability to be Licensed in all States in the United States

Our long-term growth opportunity will benefit from our ability to provide insurance across more states in the United States. Today, we are licensed in 36 states, and active in 30 states, for auto insurance and expect to be licensed in all 50 states in early 2021. For renters insurance, we are licensed in 14 states and active in 8 states. Our continuous state expansion has unlocked a large total addressable market for sustained growth, made our direct targeted marketing more efficient and creates an opportunity to build a national brand, supporting our marketing holistically.

Our Ability to Manage Risk

We leverage technology to help manage risk. For instance, we leverage machine learning to "clean" behavioral data obtained through a customers' mobile device and we use advanced statistical methods to model that data into usable behavior scores. We leverage intelligent chat functions, and various forms of machine learning and advanced automation help power our claims function. Technology is a key differentiator in managing risk across our key functions. Our success depends on our ability to adequately and competitively price risk.

Components of Our Results of Operations

Revenue

We generate revenue primarily from the sale of auto insurance policies within the United States and to a lesser extent from the sale of renters insurance policies. We have agency operations that generate commission revenue by

selling homeowners insurance policies on behalf of a third-party insurance company. We also generate revenue through fee income from our customers paying on installment and from net investment income earned on our investment portfolio.

Net Premiums Earned

Premiums written are deferred and earned pro rata over the policy period. Net premiums earned represents the earned portion of our gross written premium, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements.

Net Investment Income

Net investment income represents interest earned from our fixed maturity and short-term investments less investment expenses. Net investment income is directly correlated with the overall size of our investment portfolio and with the market level of interest rates. The size of our investment portfolio, and consequently our net investment income, is expected to increase in future periods as we invest both customer premiums and equity proceeds into our investment portfolio.

Fee Income

For those policyholders who pay premiums on an installment basis, we charge a flat fee for each installment related to the additional administrative costs associated with processing more frequent billing. In addition, we have agency operations that generate commission revenues by selling a policy to a customer on behalf of a third-party insurance company.

Operating Expenses

Our operating expenses consist of loss and loss adjustment expenses, sales and marketing, other insurance expense, technology and development, and general and administrative expenses.

Loss and Loss Adjustment Expenses

Loss and LAE include an amount determined using adjuster determined case-base estimates for reported claims and actuarial determined unpaid claim estimates using past experience and historical emergence patterns for unreported losses and loss adjustment expenses. These reserves are established to cover the estimated ultimate cost to settle insured losses. The unpaid claim estimates consider loss trends, mix of business, and other risk factors impacting claims settlement. The method used to estimate unpaid LAE reserves is based on claims transaction data, including the relative cost of settling the range of claim types from express material damage claims to more complex injury cases.

Loss and LAE is net of amounts ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity for growth. These expenses are a function of the size and term of the insurance policies we write and the loss experience associated with the underlying risks. Loss and LAE may be paid out over a period of years.

Various other expenses incurred during claims processing are allocated to Loss and LAE. These amounts include claims salaries, health benefits, bonuses, employee retirement plan related expenses and share-based compensation expense, or Personnel Costs; software expense; internally developed software amortization; and overhead allocated based on headcount, or Overhead.

Sales and Marketing

Sales and marketing includes spend related to performance and partnership channels, channel media, advertising, branding, public relations, consumer insights and referral fees. These expenses also include related Personnel Costs and Overhead. We incur sales and marketing activities for all product offerings including our newly introduced Enterprise product. Sales and marketing are expensed as incurred.

We plan to continue investing in marketing to attract and acquire new customers, increase our brand awareness, and expand our Enterprise product offering. We expect that sales and marketing will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue in the near-term. We expect that, in the long-term, our sales and marketing will decrease as a percentage of revenue as the proportion of renewals to our total business increases.

Other Insurance Expense

Other insurance expense includes underwriting expenses, credit card and policy processing expenses, premium write-offs, insurance license expenses, and Personnel Costs and Overhead related to actuarial and certain data science activities. Other insurance expense also includes amortization of deferred acquisition costs like premium taxes and report costs related to the successful acquisition of a policy. Other insurance expense is expensed as incurred, except for costs related to deferred acquisition costs that are capitalized and subsequently amortized over the same period in which the related premiums are earned. These expenses are also recognized net of ceding commissions earned.

Technology and Development

Technology and development consists of software development costs related to our mobile app and homegrown information technology systems; third-party services related to infrastructure support; Personnel Costs and Overhead for engineering, product, technology, and certain data science activities; and amortization of internally developed software. Technology and development is expensed as incurred, except for development and testing costs related to internally developed software that are capitalized and subsequently amortized over the expected useful life.

We expect technology and development to increase in absolute dollars and as a percentage of total revenue as we continue to devote significant resources to enhance our customer experience and continually improve our integrated technology platform. Over time, we expect technology and development to decrease as a percentage of revenue.

General and Administrative

General and administrative expenses primarily relate to external professional service expenses; Personnel Costs and Overhead for corporate functions; and depreciation expense for computers, furniture and other fixed assets. General and administrative expenses are expensed as incurred.

We expect general and administrative expenses to continue to increase in the near term, both in absolute dollars and as a percentage of total revenue, and then decrease as a percentage of revenue over time.

Interest Expense

Interest expense is not an operating expense; therefore, we include these expenses below operating expenses. Interest expense primarily relates to interest incurred on our long term debt; certain fees that are expensed as incurred; and the amortization of debt issuance costs, and the issuance of warrants. In addition, changes in the fair value of warrant liabilities that are associated with our long term debt and changes in the fair value of our former Simple Agreement for Future Equity, or SAFE, are recorded as interest expense.

Results of Operations

The following table presents our results of operations for the periods indicated:

	Six Months Ended June 30,					
	2019	% of Total Revenue	2020	% of Total Revenue	$ Change	% Change
	(dollars in millions)					
Net premiums earned	$ 98.6	94.7 %	$ 233.5	95.2 %	$ 134.9	136.8 %
Net investment income	1.7	1.6 %	3.2	1.3 %	1.5	88.2 %
Net realized gains (losses) on investments	—	— %	0.1	— %	0.1	— %
Fee income	3.8	3.7 %	8.6	3.5 %	4.8	126.3 %
Total revenue	104.1	100.0 %	245.4	100.0 %	141.3	135.7 %
Operating expenses:						
Loss and loss adjustment expenses	109.6	105.3 %	227.2	92.6 %	117.6	107.3 %
Sales and marketing	39.2	37.7 %	53.2	21.7 %	14.0	35.7 %
Other insurance expense	18.9	18.2 %	26.6	10.8 %	7.7	40.7 %
Technology and development	8.4	8.1 %	27.3	11.1 %	18.9	225.0 %
General and administrative	22.4	21.5 %	42.2	17.2 %	19.8	88.4 %
Total operating expenses	198.5	190.7 %	376.5	153.4 %	178.0	89.7 %
Interest expense	2.6	2.1 %	13.4	7.7 %	10.8	415.4 %
Loss before income tax expense	(97.0)	(159.6)%	(144.5)	(97.3)%	(47.5)	N.M.
Income tax expense	—	— %	—	— %	—	— %
Net loss	(97.0)	(159.6)%	(144.5)	(97.3)%	(47.5)	N.M.
Other comprehensive income:						
Changes in unrealized gain on investments	0.7	— %	4.9	0.2 %	4.2	600.0 %
Comprehensive loss	$ (96.3)	(159.6)%	$ (139.6)	(97.1)%	$ (43.3)	N.M.

N.M. - Percentage change not meaningful

Comparison of the Six Months Ended June 30, 2019 and 2020

Revenue

Net Premiums Earned

Net premiums earned increased $134.9 million, or 136.8%, from $98.6 million for the six months ended June 30, 2019 to $233.5 million for the six months ended June 30, 2020, which was primarily attributable to significant growth in policies in force between the periods driven by expansion into five new states and deeper market penetration in existing states and territories, as well as greater average premium per policy primarily due to pricing changes implemented throughout the periods.

Fee Income

Fee income increased $4.8 million, or 126.3%, from $3.8 million for the six months ended June 30, 2019 to $8.6 million for the six months ended June 30, 2020. The increase was primarily due to increased customer volumes and an increase in customers paying in installments.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE increased $117.6 million, or 107.3%, from $109.6 million for the six months ended June 30, 2019 to $227.2 million for the six months ended June 30, 2020. The increase was primarily due to higher claims between the periods driven by the greater exposure base due to growth in premium volume and policies in force. As a percentage of revenue, loss and LAE decreased from 105.3% for the six months ended June 30, 2019 to 92.6% for the six months ended June 30, 2020, this change is primarily attributable to a decrease in driving and claim count due to COVID-19 stay-at-home restrictions, which began in March 2020 and lasted into mid-second quarter 2020.

Sales and Marketing

Sales and marketing increased $14.0 million, or 35.7%, from $39.2 million for the six months ended June 30, 2019 to $53.2 million for the six months ended June 30, 2020. The increase was primarily due to our continuing efforts to increase our customer base through greater investment in digital and partnership marketing channels. Personnel Costs increased between the periods as we hired additional sales and marketing headcount to support our continued growth and expansion into new markets. Sales and marketing as a percentage of revenue decreased from 37.7% of revenue for the six months ended June 30, 2019 to 21.7% of revenue for the six months ended June 30, 2020 due to a slowdown in digital marketing spend related to the uncertainty surrounding the COVID-19 pandemic beginning in mid-March 2020.

Other Insurance Expense

Other insurance expense increased $7.7 million, or 40.7%, from $18.9 million for the six months ended June 30, 2019 to $26.6 million for the six months ended June 30, 2020. The increase was primarily due to greater underwriting costs and premium write offs between the periods. Greater amortization of deferred acquisition costs during the first six months of 2020 was driven by increased customer volumes resulting in higher variable costs, including premium taxes and underwriting costs. Personnel Costs within other insurance expense was greater during the first six months of 2020 due to the hiring of additional actuarial and data science staff. This was partially offset by greater ceding commission contra-expense during the first six months of 2020 as well as lower sliding scale commission expense of $5.6 million between the periods. Other insurance expense as a percentage of revenue decreased from 18.2% of revenue for the six months ended June 30, 2019 to 10.8% of revenue for the six months ended June 30, 2020.

Technology and Development

Technology and development increased $18.9 million, or 225.0%, from $8.4 million for the six months ended June 30, 2019 to $27.3 million for the six months ended June 30, 2020. The increase was primarily due to greater Personnel Costs between the periods driven by share-based compensation expense attributable to the March 2020 secondary tender offer, as well as significant headcount growth of the engineering and product teams during the first six months of 2020. In addition, we incurred greater software and amortization of internally developed software expense during the first six months of 2020 as we continued to invest in developing and improving our technology platforms. Technology and development expense as a percentage of revenue increased from 8.1% of revenue for the six months ended June 30, 2019 to 11.1% of revenue for the six months ended June 30, 2020 primarily attributable to the secondary tender offer discussed above.

General and Administrative

General and administrative increased $19.8 million, or 88.4%, from $22.4 million for the six months ended June 30, 2019 to $42.2 million for the six months ended June 30, 2020. The increase was primarily driven by the increase in share-based compensation expense related to the secondary tender offer completed in the first quarter of 2020. In addition, the increase in general and administrative was driven by greater legal and other professional costs as well as additional headcount during the first six months of 2020 as we increased finance, legal, and administrative personnel to support our overall growth and expanded compliance related initiatives. General and administrative

expense as a percentage of revenue decreased from 21.5% of revenue for the six months ended June 30, 2019 to 17.2% of revenue for the six months ended June 30, 2020 as we achieved greater economies of scale.

Interest Expense

Interest expense increased $10.8 million, or 415.4%, from $2.6 million for the six months ended June 30, 2019 to $13.4 million for the six months ended June 30, 2020. The increase was primarily due to higher outstanding debt during the first six months of 2020 compared to first six months of 2019 that resulted in additional interest expense; certain debt related fees that were expensed as incurred; the amortization of capitalized debt and warrants issuance costs; and paid-in-kind, or PIK, interest expense. In addition, interest expense for the first six months of 2020 includes a fair value adjustment of warrants.

The following table presents our results of operations for the periods indicated:

	Years Ended December 31,					
	2018	% of Total Revenue	2019	% of Total Revenue	$ Change	% Change
	(dollars in millions)					
Net premiums earned	$ 40.2	92.8 %	$ 275.3	94.9 %	$ 235.1	584.8 %
Net investment income	1.2	2.8 %	5.2	1.8 %	4.0	333.3 %
Fee income	1.9	4.4 %	9.7	3.3 %	7.8	410.5 %
Total revenue	43.3	100.0 %	290.2	100.0 %	246.9	570.2 %
Operating expenses:						
Loss and loss adjustment expenses	43.5	100.5 %	321.4	110.8 %	277.9	638.9 %
Sales and marketing	40.3	93.1 %	109.6	37.8 %	69.3	172.0 %
Other insurance expense	10.2	23.6 %	52.3	18.0 %	42.1	412.7 %
Technology and development	8.2	18.9 %	24.0	8.3 %	15.8	192.7 %
General and administrative	9.3	21.5 %	43.0	14.8 %	33.7	362.4 %
Total operating expenses	111.5	257.5 %	550.3	189.6 %	438.8	393.5 %
Interest expense	0.9	2.1 %	22.3	7.7 %	21.4	2377.8 %
Loss before income tax expense	(69.1)	(159.6)%	(282.4)	(97.3)%	(213.3)	N.M.
Income tax expense	—	— %	—	— %	—	— %
Net loss	(69.1)	(159.6)%	(282.4)	(97.3)%	(213.3)	N.M.
Other comprehensive income:						
Changes in unrealized gain on investments	—	— %	0.6	0.2 %	0.6	N.M.
Comprehensive loss	$ (69.1)	(159.6)%	$ (281.8)	(97.1)%	$ (212.7)	N.M.

N.M. - Percentage change not meaningful

Comparison of Years Ended December 31, 2018 and 2019

Revenue

Net Premiums Earned

Net premiums earned increased $235.1 million, or 584.8%, from $40.2 million for the year ended December 31, 2018 to $275.3 million in 2019, which was primarily attributable to significant growth in policies in force during the year driven by expansion into seven new states and the addition of new product offerings.

Net Investment Income

Net investment income increased $4.0 million, or 333.3%, from $1.2 million for the year ended December 31, 2018 to $5.2 million in 2019. The increase was primarily due to higher average balance of investments during the year ended December 31, 2019. We mainly invest in U.S. Treasury securities, municipal securities, corporate debt securities, residential mortgage-backed securities, commercial mortgage-backed securities, and other debt obligations.

Fee Income

Fee income increased $7.8 million, or 410.5%, from $1.9 million for the year ended December 31, 2018 to $9.7 million in 2019. The increase was primarily due to increased customer volumes and an increase in customers paying in installments.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE increased $277.9 million, or 638.9%, from $43.5 million for the year ended December 31, 2018 to $321.4 million in 2019. The increase was primarily due to increased claims between the periods which corresponds to growth in premium volume and customer base. We incurred higher loss and LAE expense during the year ended December 31, 2019 due to the recognition of $7.8 million of loss corridor expense as a feature of certain reinsurance agreements. LAE dollars grew between periods primarily driven by transitioning claims from a third-party administrator to an in-house function beginning in late 2018. Loss and LAE as a percentage of revenue increased from 100.5% of revenue in 2018 to 110.8% of revenue in 2019.

Sales and Marketing

Sales and marketing increased $69.3 million, or 172.0%, from $40.3 million for the year ended December 31, 2018 to $109.6 million in 2019. The increase was primarily due to our continuing efforts to increase our customer base and marketing to the seven additional states into which we expanded to during 2019. Personnel Costs allocated to sales and marketing grew between the periods as we scaled up our sales and marketing function between the periods. Sales and marketing as a percentage of revenue decreased from 93.1% of revenue in 2018 to 37.8% of revenue in 2019 as we achieved greater economies of scale.

Other Insurance Expense

Other insurance expense increased $42.1 million, or 412.7%, from $10.2 million for the year ended December 31, 2018 to $52.3 million in 2019. The increase was primarily due to greater underwriting costs and premium write offs, as well as increased amortization of deferred acquisition costs during 2019 due to increased customer volumes resulting in higher variable costs, including premium taxes and underwriting costs. Greater sliding scale commission expense of $7.2 million was recognized during 2019 compared to the prior year. Other insurance expense was partially offset by ceding commission contra-expense during 2019. Personnel Costs within other insurance expense was greater in 2019 as additional actuarial and data science staff were added during 2019. Other insurance expense as a percentage of revenue decreased from 23.6% of revenue in 2018 to 18.0% of revenue in 2019.

Technology and Development

Technology and development increased $15.8 million, or 192.7%, from $8.2 million for the year ended December 31, 2018 to $24.0 million in 2019. The increase was primarily due to greater Personnel Costs within technology and development between the periods driven by significant headcount growth of the engineering and product teams during 2019. In addition, we incurred greater software and amortization of internally developed software expense during 2019 as we continued to invest in developing and improving our technology platforms. Technology and development as a percentage of revenue decreased from 18.9% of revenue in 2018 to 8.3% of revenue in 2019 as we achieved greater economies of scale.

General and Administrative

General and administrative increased $33.7 million, or 362.4%, from $9.3 million for the year ended December 31, 2018 to $43.0 million in 2019. The increase was primarily driven by the increase in share-based compensation expense related to the secondary tender offer completed in the first quarter of 2019. In addition, the increase in general and administrative was driven by greater headcount in 2019 allocated to general and administrative expense as well as greater legal and other professional costs. General and administrative as a percentage of revenue decreased from 21.5% of revenue in 2018 to 14.8% of revenue in 2019 as we achieved greater economies of scale.

Interest Expense

Interest expense increased $21.4 million, or 2,377.8%, from $0.9 million for the year ended December 31, 2018 to $22.3 million in 2019. The increase was primarily due to issuance of new term loans executed during 2019 that resulted in additional interest expense; certain debt related fees that were expensed as incurred; the amortization of certain capitalized debt issuance costs, and the issuance of warrants. In addition, we adjusted the fair value of the SAFE instrument prior to its conversion into shares of Series E redeemable convertible preferred stock.

Certain Quarterly Information

The following table sets forth policies in force, premiums per policy, premiums in force, direct written premium, direct earned premium, gross profit/(loss), gross margin, adjusted gross profit/(loss), ratio of adjusted gross profit/(loss) to total revenue, ratio of adjusted gross profit/(loss) to direct earned premium, direct loss ratio,

direct LAE ratio, and the ratio of renewal premiums to direct earned premiums on a quarterly basis from March 31, 2019 through June 30, 2020:

	Three Months Ended					
	2019				2020	
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
	(dollars in millions, except Premiums per Policy)					
Policies in Force						
Auto	176,179	220,536	242,631	281,310	334,209	334,327
Renters	—	—	825	1,747	3,163	5,974
Premiums per Policy						
Auto	$ 770	$ 805	$ 877	$ 904	$ 889	$ 909
Renters	$ —	$ —	$ 122	$ 127	$ 133	$ 139
Premiums in Force						
Auto	$ 271.3	$ 355.1	$ 425.6	$ 508.6	$ 594.2	$ 607.8
Renters	$ —	$ —	$ 0.1	$ 0.2	$ 0.4	$ 0.8
Direct Written Premium	$ 88.7	$ 99.2	$ 119.5	$ 143.7	$ 164.2	$ 142.3
Direct Earned Premium	$ 53.4	$ 80.0	$ 99.9	$ 119.6	$ 143.9	$ 151.9
Gross Profit/(Loss)	$ (16.8)	$ (7.6)	$ (36.5)	$ (22.6)	$ (17.2)	$ 8.8
Gross Margin	(40.6)%	(12.1)%	(45.9)%	(21.2)%	(13.9)%	7.2 %
Adjusted Gross Profit/(Loss)	$ (11.7)	$ (1.1)	$ (27.2)	$ (14.2)	$ (8.7)	$ 16.1
Ratio of Adjusted Gross Profit/(Loss) to Total Revenue	(28.3)%	(1.8)%	(34.2)%	(13.3)%	(7.0)%	13.3 %
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	(21.9)%	(1.4)%	(27.2)%	(11.9)%	(6.0)%	10.6 %
Direct Loss Ratio	104.8 %	90.7 %	113.3 %	92.6 %	92.8 %	70.4 %
Direct LAE Ratio	15.7 %	6.9 %	12.7 %	13.4 %	10.4 %	8.5 %
Ratio of Renewal to Direct Earned Premium	28.0 %	35.2 %	42.1 %	46.9 %	45.1 %	51.1 %

Non-GAAP Financial Measure

The non-GAAP financial measure below has not been calculated in accordance with generally accepted accounting principles in the United States, or GAAP, and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. In addition, adjusted gross profit/(loss) should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Therefore, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses this non-GAAP financial measure, in conjunction with GAAP financial measures, as an integral part of managing our business and to, among other things: (1) monitor and evaluate the performance of our business operations and financial performance; (2) facilitate internal comparisons of the historical operating performance of our business operations; (3) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (4) review and assess the operating performance of our management team; (5) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (6) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Adjusted Gross Profit/(Loss)

We define adjusted gross profit/(loss) as gross profit/(loss) excluding net investment income, net realized gains (losses) on investments, report costs, Personnel Costs, allocated Overhead, licenses, professional fees and other expenses which are included in other insurance expense. We define the ratio of adjusted gross profit/(loss) to total revenue as adjusted gross profit/(loss) divided by total revenue. We define the ratio of adjusted gross profit/(loss) to direct earned premium as adjusted gross profit/(loss) divided by direct earned premium.

The following table provides a reconciliation of total revenue to adjusted gross profit/(loss) for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(dollars in millions)			
Total revenue	$ 43.3	$ 290.2	$ 104.1	$ 245.4
Loss and LAE	(43.5)	(321.4)	(109.6)	(227.2)
Other insurance expense	(10.2)	(52.3)	(18.9)	(26.6)
Gross profit/(loss)	(10.4)	(83.5)	(24.4)	(8.4)
Gross Margin	(24.0)%	(28.8)%	(23.4)%	(3.4)%
Less:				
Net investment income	(1.2)	(5.2)	(1.7)	(3.2)
Net realized gains (losses) on investments	—	—	—	(0.1)
Report costs	9.7	29.7	11.5	14.9
Personnel costs	1.6	3.9	1.5	3.5
Allocated overhead, licenses, professional fees and other	0.1	0.9	0.3	0.7
Adjusted gross profit/(loss)	$ (0.2)	$ (54.2)	$ (12.8)	$ 7.4
Direct earned premium	$ 61.4	$ 352.9	$ 133.4	$ 295.8
Ratio of adjusted gross profit/(loss) to total revenue	(0.5)%	(18.7)%	(12.3)%	3.0 %
Ratio of adjusted gross profit/(loss) to direct earned premium	(0.3)%	(15.4)%	(9.6)%	2.5 %

The following table provides a reconciliation of total revenue to adjusted gross profit/(loss) for each of the quarterly periods from March 31, 2019 through June 30, 2020.

	Three Months Ended					
	2019				2020	
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
	(dollars in millions)					
Total revenue	$ 41.4	$ 62.7	$ 79.6	$ 106.5	$ 124.0	$ 121.4
Loss and LAE	(50.0)	(59.6)	(100.9)	(110.9)	(129.9)	(97.3)
Other insurance expense	(8.2)	(10.7)	(15.2)	(18.2)	(11.3)	(15.3)
Gross profit/(loss)	(16.8)	(7.6)	(36.5)	(22.6)	(17.2)	8.8
Gross Margin	(40.6)%	(12.1)%	(45.9)%	(21.2)%	(13.9)%	7.2 %
Less:						
Net investment income	(0.7)	(1.0)	(1.1)	(2.4)	(2.0)	(1.2)
Net realized gains (losses) on investments	—	—	—	—	—	(0.1)
Report costs	5.0	6.5	9.0	9.2	8.2	6.7
Personnel costs	0.6	0.9	1.2	1.2	2.1	1.4
Allocated overhead, licenses, professional fees and other	0.2	0.1	0.2	0.4	0.2	0.5
Adjusted gross profit/(loss)	$ (11.7)	$ (1.1)	$ (27.2)	$ (14.2)	$ (8.7)	$ 16.1
Direct earned premium	$ 53.4	$ 80.0	$ 99.9	$ 119.6	$ 143.9	$ 151.9
Ratio of adjusted gross profit/(loss) to total revenue	(28.3)%	(1.8)%	(34.2)%	(13.3)%	(7.0)%	13.3 %
Ratio of adjusted gross profit/(loss) to direct earned premium	(21.9)%	(1.4)%	(27.2)%	(11.9)%	(6.0)%	10.6 %

Liquidity and Capital Resources

We are organized as a holding company, but our primary operations are conducted by our wholly-owned insurance subsidiary, Root Insurance Company, an Ohio-domiciled insurance company.

The payment of dividends by our insurance subsidiary is subject to restrictions set forth in the insurance laws and regulations of the State of Ohio. The State of Ohio insurance laws require Ohio domiciled insurance companies to notify the superintendent of the Ohio DOI to seek prior regulatory approval to pay a dividend or distribute cash or other property if the fair market value thereof, together with that of other dividends paid or distributions made within the preceding 12 months, exceeds the greater of 10% of the insurance company's statutory basis policyholders' surplus as of the preceding December 31 or the statutory basis net income of the insurance company for the 12-month period ended as of the preceding December 31. To date, our insurance subsidiary has not paid any dividends and as of December 31, 2019, it was not permitted to pay any dividends to us without approval of the superintendent of the Ohio DOI.

In addition, the Risk-Based Capital Model Act adopted by the NAIC provides formulas to determine the amount of capital that an insurance company must maintain to ensure that it has an acceptable expectation of not becoming financially impaired. As our insurance subsidiary's business grows, the amount of capital we are required to maintain to satisfy our risk-based capital requirements may increase significantly. To comply with these regulations, we may be required to maintain capital in the insurance subsidiary that we would otherwise invest in our growth and operations. At December 31, 2019, our insurance subsidiary maintained a risk-based capital level that is in excess of an amount that would require any corrective actions on our part. Our insurance subsidiary's primary sources of funds are capital contributions from the holding company, premiums earned, fee income revenues, and net investment income. Funds are primarily used to pay claims and operating expenses and to purchase investments.

Our wholly-owned, Cayman Islands-based reinsurance subsidiary, Root Re, maintains a Class B(iii) insurer license under CIMA. At December 31, 2019, Root Re was subject to compliance with certain capital levels and a net earned premium to capital ratio of 8:1, which was maintained as of December 31, 2019. The capital ratio can fluctuate at Root Re's election, subject to regulatory approval. Root Re's primary sources of funds are capital contributions from the holding company, ceded insurance premiums and net investment income. These funds are primarily used to pay claims and operating expenses and to purchase investments. Root Re must receive approval from CIMA before it can pay any dividend to the holding company.

Since inception, we have financed operations primarily through sales of insurance policies and the net proceeds we have received from our issuance of preferred stock, debt, and sales of investments. As of December 31, 2019, we had $391.7 million in cash and cash equivalents, of which $193.7 million was held at Root, Inc. and outside of regulated insurance entities, and $122.8 million was held in marketable securities.

Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our marketable securities consist of U.S. treasury securities, municipal securities, corporate debt securities, residential and commercial mortgage-backed securities, and other debt obligations.

We believe that our existing cash and cash equivalents, marketable securities, and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our insurance premium growth rate, renewal activity, including the timing and the amount of cash received from customers, the expansion of marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, the continuing market adoption of offerings on our platform, and the current uncertainty in the global markets resulting from the worldwide COVID-19 pandemic.

The following table summarizes our cash flow data for the periods presented:

	Years Ended December 31,		Six Months Ended June 30,	
	2018	2019	2019	2020
	(in millions)			
Net cash used in operating activities	$ (26.1)	$ (127.2)	$ (38.0)	$ (62.4)
Net cash used in investing activities	(20.6)	(114.0)	(45.6)	(99.3)
Net cash provided by (used in) financing activities	150.9	535.5	92.7	(13.0)

Net cash used in operating activities for the six months ended June 30, 2020 was $62.4 million an increase of net cash used of $24.4 million from $38.0 million for the six months ended June 30, 2019. This reflected the $144.5 million net loss for the six months ended June 30, 2020, which includes the impact of the non-cash tender offer and an increase in bad debt expense. This was partially offset by net cash provided by changes in our operating assets and liabilities, which is primarily attributable to loss and loss adjustment expense reserves, reinsurance premiums payable and unearned premiums which outpaced the increases in prepaid reinsurance premiums, premiums receivable and reinsurance recoverable. Cash used in operating activities was $38.0 million for the six months ended June 30, 2019. This resulted from our net loss of $97.0 million, partially offset by non-cash tender offer expense. Net cash provided by changes in operating assets and liabilities primarily consisted of increases in unearned premiums, loss and loss adjustment expense reserves and reinsurance premiums payable which outpaced the growth of premiums receivable, reinsurance recoverable and prepaid reinsurance premiums. The increase in cash used in operating activities from the six months ended June 30, 2020 compared to the six months ended June 30, 2019 was primarily due to the volume and timing of premium receipts and claims payments as well as change in tender offer and bad debt expense.

Net cash used in operating activities for the year ended December 31, 2019 was $127.2 million a decrease of $101.1 million from $26.1 million for the year ended December 31, 2018. This reflected the $282.4 million net loss for the year ended December 31, 2019, which includes the non-cash impact of the SAFE fair value adjustment and tender offer expense. This was partially offset by increased loss and loss adjustment expenses reserves, unearned premiums and accounts payable and accrued expenses, which outpaced the increases in premiums receivable. Cash

used in operating activities was $26.1 million for the year ended December 31, 2018. This resulted from our net loss of $69.1 million, partially offset by cash provided our net cash provided by changes in our operating assets and liabilities, which is primarily attributable to unearned premiums, losses and loss adjustment expenses reserves and reinsurance premiums payable which outpaced the growth of premiums receivable, reinsurance recoverable and prepaid reinsurance premiums. The increase in cash used in operating activities for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily due to volume and timing of payments driven by growth in our policies in force as well as tender offer and SAFE fair value adjustment expense.

Net cash used in investing activities for the six months ended June 30, 2020 was $99.3 million compared to $45.6 million of net cash used in investing activities for the six months ended June 30, 2019. The increase was primarily due to an increase in the purchases of corporate debt securities, commercial mortgage-backed securities, residential mortgage-backed securities, and other debt obligations and lower proceeds received from the maturity of our debt securities for the six months ended June 30, 2020 compared to six months ended June 30, 2019.

Net cash used in investing activities for the year ended December 31, 2019 was $114.0 million compared to $20.6 million of net cash used in investing activities in 2018. The increase was primarily due to an increase in the purchases of corporate debt securities, commercial mortgage-backed securities, and other debt obligations. This was partially offset by higher proceeds received from the maturity of our debt securities in 2019 compared to 2018.

Net cash used in financing activities for the six months ended June 30, 2020 was $13.0 million, primarily due to partial repayment of Term Loan A. Net cash provided by financing activities for the six months ended June 30, 2019 was $92.7 million primarily due to the proceeds from our Term Loan A and SAFE agreements, which was partially offset by the repayment of letter of credit and notes payable.

Net cash provided by financing activities for the year ended December 31, 2019 was $535.5 million compared to $150.9 million of net cash provided by financing activities in 2018. The increase in cash provided by financing activities was primarily due to the issuance of our Series E preferred shares and the proceeds from our Term Loan A and Term Loan B agreements, including amending our existing term loan that increased our borrowings, during 2019.

Contractual Obligations

The following is a summary of material contractual obligations and commitments as of December 31, 2019:

	Payments Due by Period				
	Total	Less than 1 year	1-3 Years	3-5 Years	After 5 Years
			(in millions)		
Long-term debt	$ 199.5	$ 99.5	$ —	$ 100.0	$ —
Interest on long-term debt[1]	55.1	3.4	—	51.7	—
Operating leases	16.3	3.3	6.4	6.2	0.4
Purchase commitments	4.4	2.3	2.1	—	—
Total	$ 275.3	$ 108.5	$ 8.5	$ 157.9	$ 0.4

(1) We have the option to PIK interest on Term Loan B for up to three years, or the PIK Period from the date of closing. Through the year-ended December 31, 2019, we have elected to PIK interest on Term Loan B and we plan to PIK interest for the full PIK Period. See Note 8, Long-Term Debt, to the consolidated financial statements included elsewhere in this prospectus.

As of June 30, 2020, and subsequent to December 31, 2019, we executed a material operating lease with the following payments due: $0.2 million over the remaining six months in 2020, $2.0 million in 2021-2022, $2.5 million in 2023-2024, and $4.0 million in 2025 and beyond.

Financing Arrangements

On April 17, 2019, we closed on a $65.0 million term loan, or Term Loan A, to a group of syndicated financial institutions including SunTrust Bank (now known as Truist Bank), Huntington National Bank, Silicon Valley Bank,

or, collectively, the Lenders. The maturity of Term Loan A is October 16, 2020. Interest is paid monthly and is determined on a floating interest rate calculated on the 1-month LIBOR plus an applicable margin of 4%.

On June 26, 2019, we finalized an incremental term loan joinder agreement of $35.0 million to upsize Term Loan A with an additional lender (Western Alliance Bank) to bring the total Term Loan A principal balance to $100 million.

On November 25, 2019, we entered into an amended and restated Term Loan A in conjunction with an additional closing on a note purchase agreement of $100.0 million, or Term Loan B, with Centerbridge Partners, L.P., a private equity investor, or collectively our term loans. The maturity of Term Loan B is November 25, 2024. Interest is determined on a floating interest rate calculated on the 3-month LIBOR plus an applicable margin of 7%. In the event LIBOR is no longer available to the market, we will enter into an amended agreement, in accordance with the current agreement's terms, to reflect the alternate rate of interest based on this successor rate. We have the option to pay interest in-kind, or PIK, on Term Loan B for up to 3 years, or the PIK Period, from the date of closing. PIK interest will be added to the principal balance every 3 months until the end of the PIK Period, and interest will subsequently be paid quarterly. Through the year ended December 31, 2019, we have elected to PIK interest on Term Loan B. As a part of closing of Term Loan B, we issued warrants to purchase 2.8 million shares of our common stock with a strike price of $0.0001 per share and an expiration date of November 25, 2026. These warrants are classified as liabilities, within long-term debt on the consolidated balance sheets, because they may be settled with a variable number of our shares. The nature of these variable warrants is such that the Term Loan B and warrants holder will earn a rate of return between 20% to 30%. Accordingly, the warrants contract does not limit the number of shares that we could be required to issue. The fair value of these options as of December 31, 2019 was $7.2499 per share. Interest expense of $0.4 million related to the warrants was recognized during the year-ended December 31, 2019 on the consolidated statements of operations and comprehensive loss. The debt discount associated with these warrants, net of accumulated amortization and issuance costs, as of December 31, 2019 is approximately $19.5 million presented as long-term debt and warrants on the consolidated balance sheets.

In connection with the amended and restated Term Loan A on November 25, 2019, Silicon Valley Bank exited the Term Loan A syndication and their $24.9 million of outstanding debt was reallocated to two of the existing holders of Term Loan A on a pro rata basis. This required us to escrow $24.9 million of cash for a potential pay down of the corresponding debt. The cash in escrow is reflected as restricted cash on the consolidated balance sheets as of December 31, 2019. In February 2020, we amended Term Loan A to add a new financial institution (Goldman Sachs Lending Partners LLC) to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million escrowed funds was remitted to us and the other $12.5 million was remitted to the two aforementioned existing holders to pay down the pro rata portion of the reallocated Term Loan A.

In September 2020, we amended Term Loan A to add financial institutions (Barclays, Deutsche Bank, Morgan Stanley and Wells Fargo) to the syndication, upsize the outstanding facility by $13.5 million, and extend its maturity to October 15, 2021. We also opened a $100 million revolving line of credit with members of the Term Loan A syndication.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity or cash flows.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to reserves for loss and loss adjustment expense, premium write-offs, share-based compensation, and valuation allowance on our deferred tax asset. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the

circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations. For further information, see Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements included elsewhere in this prospectus.

Loss and LAE Reserves

Loss and LAE reserves represent management's best estimate of the ultimate liability for all reported and unreported claims that occurred prior to the end of each accounting period but have not yet been paid. These reserves are established to cover the estimated ultimate cost to settle insured losses. Loss and LAE reserves include an amount determined using adjuster determined case-base estimates for reported claims and on actuarial unpaid claim estimates using past experience and historical emergence patterns for unreported loss and LAE. Case reserve amounts are determined by claims adjusters following our case reserving practices, which consider the circumstances presented with each claimant, applicable policy provisions, and state law. The unpaid claim estimates consider loss cost trends, mix of business, and other risk factors impacting claims settlement. The methods used to estimate ultimate loss reserves by accident month include reported loss development, paid loss development, expected loss ratio, or ELR, frequency-severity, premium based Bornhuetter/Ferguson, or B/F, and exposure based B/F using frequency-severity. The method used to estimate unpaid LAE reserves is determined by a transaction-based allocation method where historical claim department activities are measured by their relative effort or cost for handling different claim types. Our estimation for unpaid LAE reserves includes the ultimate cost of settling a range of claim types from express material damage claims to more complex bodily injury cases.

The evaluation and estimation of ultimate losses and LAE requires considerable judgment in understanding how claims mature, how claims differ between lines of business, and how changes in the business impact claims settlement over time. Loss reserves represent a liability estimate at a given point in time based on many input variables including historical and statistical information, inflation, contract interpretation, weather catastrophe impacts, regulatory environment, and economic conditions. While we consider many inputs into the loss reserve valuation process, as well as several actuarial methodologies, there is no single method for determining the exact ultimate claims liability. In many cases, we use multiple estimation methods based on the particular facts and circumstances of the claims and liabilities being evaluated, resulting in a range of reasonable estimates for reserves for losses and LAE. We do not discount reserves.

Our actuarial reserving team performs monthly reviews of the claims experience and loss emergence to support our estimation of ultimate losses and LAE. A few considerations and assumptions in estimating ultimate claim liabilities includes relative case reserve adequacy over time, claims cycle time, claims settlement practices, exposure growth, actuarial projections, current economic conditions, driving patterns observed from telematics, weather catastrophes, and claim litigation. Our loss reserves can be grouped by claim type, where amounts related to material damage of vehicles and property tend to settle within 6 to 12 months, while claims that involve injuries or personal liability have a much longer time period between the occurrence of a loss and the settlement of the claim. In general, the longer the time span between the incidence of a loss and the settlement of the claim, the more the ultimate settlement amount can vary.

Because actual experience can differ from key assumptions used in establishing reserves, there is potential for significant variation in the development of loss reserves. There is considerable uncertainty associated with the actuarial estimates, and therefore the actual losses and LAE paid in the future may differ materially from the reserves we have recorded. Our loss estimates are continually reviewed by management and adjusted as necessary; with adjustments included in the period determined.

The key assumptions that materially affect the estimate of the reserves for loss and LAE are as follows:

- Many of the actuarial estimation methods assume that the speed of claim payments and claim closures, also known as cycle time, remains relatively consistent over time. While fluctuations and improvements in

cycle time are expected as we grow, these timing changes can be difficult to discern from normal process risk variability in the data.

- For actuarial methods that rely on case reserve data, there is an implicit assumption that the adequacy of case reserve estimates stays relatively constant over time. For example, if the held case reserves represent the 50th percentile outcome for each claim, then any changes to this case reserve level, either higher or lower, would impact the ultimate loss estimates.
- Actuarial methods that rely on exposure bases, such as premiums or car years, perform better when the mix of business is relatively stable over time. Rapid business growth can change the mix of business across several dimensions: new business versus renewal, geography profile, and underwriting profile. As such, prior estimates of claim frequency, claim severity, or loss ratio may not be as predictive of future results when the mix of business changes.
- Broader macro level economics can have a material impact on loss reserve estimates, such as a rapid change in miles driven as was observed with COVID-19; unanticipated inflation, regulatory restrictions, and legal developments as they relate to contract and coverage interpretation and enforceability.

Due to the inherent uncertainty in determining our ultimate cost of settling claims, we evaluate what the potential impact on consolidated results of operations, financial position, and liquidity would be based on a hypothetical 5% and 10% increase or decrease in key assumptions described above. The loss reserve range noted below represents a range of reasonably likely reserves, not a range of all possible reserves. Therefore, the ultimate losses could reach levels corresponding to reserve amounts outside of the range provided. Given our growth from inception in 2015, we believe evaluating sensitivity based on a hypothetical increase or decrease of 5% and 10% is reflective of management's best estimate and provides a conservative range of variability in key assumptions. The below tables present this sensitivity analysis:

	Scenarios for Changes in Bodily Injury Claim Severity for all Accident Years				
	(10)%	(5)%	—%	5%	10%
Bodily injury liability	$ 52.5	$ 55.4	$ 58.3	$ 61.3	$ 64.2
Uninsured and underinsured bodily injury	13.1	13.8	14.5	15.2	16.0
All other coverages	30.4	32.1	33.8	35.5	37.2
Total losses—net of reinsurance	$ 96.0	$ 101.3	$ 106.6	$ 112.0	$ 117.4

Our loss and LAE expense reserves are recorded gross of reinsurance and net of amounts expected to be received from salvage (the amount recovered from the damaged property after the we pay for a total loss) and subrogation (the right to recover payments from third parties).

Premium Revenue, Fee Income and Related Expenses

Premiums written are deferred and earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums written. A premium deficiency is recorded when the sum of expected losses, loss adjustment expenses, unamortized acquisition costs and maintenance costs exceed the recorded unearned premium reserve and anticipated investment income. A premium deficiency reserve is recognized as a reduction of deferred acquisition costs and, if necessary, by accruing an additional liability for the deficiency, with a corresponding charge to operations. We did not record a premium deficiency reserve in 2018 and 2019, respectively.

Premiums receivable represents premiums written but not yet collected. Generally, premiums are collected prior to providing risk coverage, minimizing our exposure to credit risk. Due to a variety of factors, certain premiums billed may not be collected, for which we establish an allowance for doubtful accounts based on an analysis of historical collection experience. Allowance for doubtful accounts was zero and $2.0 million as of December 31, 2018 and 2019 on the consolidated balance sheets. A policy is considered past due on the first day after its due date and policies greater than 90 days past due are written-off. We recognized premium write-offs of $0.3 million and $9.0 million for the periods ended December 31, 2018 and 2019, respectively.

For those policyholders who pay premiums on an installment basis, we charge a flat fee for each installment related to the additional administrative costs associated with processing more frequent billings. We recognize this fee income in the period which we process each installment.

Policy acquisition costs, consisting of premium taxes and certain marketing costs and underwriting expenses, net of ceding commissions, related to the successful acquisition or renewal business, are deferred and amortized over the same period in which the related premiums are earned. Ceding commissions relating to reinsurance agreements are recorded as a reimbursement for both deferrable and non-deferrable acquisition costs. The portion of the ceding commission that is equal to the pro rata share of acquisition costs based on quota share percentage is recorded as an offset to the direct deferred acquisition costs. Any portion of the ceding commission that exceeds the acquisition costs of the business ceded is recorded as a deferred liability and amortized over the same period in which the related premiums are earned.

Reinsurance

In the ordinary course of business, we cede a portion of our business written to affiliated and unaffiliated reinsurers to limit the maximum net loss potential arising from large risks and catastrophes. These arrangements, known as treaties, provide for reinsurance coverage on quota-share and excess-of-loss basis. Although the ceding of reinsurance does not discharge us from our primary liability to the policyholder, the insurance company that assumes the coverage assumes the related liability. Amounts recoverable from and payable to reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. Reinsurance premiums, commissions and expense reimbursements related to reinsured business are accounted for on a basis consistent with the basis used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies have been reported as a reduction of premiums earned and are recognized over the remaining policy period based on the reinsurance protection provided. Amounts applicable to reinsurance ceded for unearned premium reserves are reported as a prepaid reinsurance premiums asset in the accompanying consolidated balance sheets and as reduction of unearned premiums in Note 6, “Reinsurance.” Expense allowances received in connection with reinsurance ceded have been accounted for as a reduction of other insurance expense in the consolidated statements of operations and comprehensive loss.

Some of our reinsurance agreements provide for adjustment of commissions or amount of coverage based on loss experience referred to as sliding scale commissions and loss corridors, respectively. We recognize the asset or liability arising from these adjustable features in the period the adjustment, calculated based on experience to-date under the agreement, occurs.

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, we would be liable for such defaulted amounts. We evaluate and monitor the financial condition associated with our reinsurers in order to minimize our exposure to significant losses from reinsurer insolvencies. We obtain reinsurance from a diverse group of global reinsurers and monitor concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. For our reinsurance partners who are not rated, we require adequate levels of collateral or letters of credit to be available to us in the event of downside scenarios. All reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

Share-based Compensation

We award share-based compensation, including stock options with only a service condition, stock options with service and performance conditions, and restricted stock, to its officers, directors, employees, and certain advisors through approval from the compensation committee of the board of directors.

Share-based compensation expense is recognized in general and administrative expenses in the consolidated statements of operations and comprehensive loss based on the grant date fair value of the awards. The fair value of stock options is determined on the grant date using the Black-Scholes Merton, or BSM, option-pricing model. The BSM option pricing model requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the options, the risk-free interest rate for a period that approximates the expected term of the option and our expected dividend yield. The fair value of restricted stock is determined by the

grant date 409A valuation of our common shares. Stock options are exercisable for a period up to ten years from the grant date. We recognize forfeitures as they occur.

Stock options with only a service condition generally vest over four years — 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Stock options with service and performance conditions generally vest over a four-year period assuming achievement of the performance conditions. The compensation expense associated with non-vested stock options that have performance conditions is dependent on our periodic assessment of the probability of the performance conditions being achieved. If deemed probable, we recognize compensation expense on a straight-line basis over the requisite service period. If a performance condition is no longer probable of achievement, any previously recognized compensation expense is reversed and no subsequent compensation expense is recognized until achievement is once again probable, at which point a cumulative catch-up is recognized — for additional information refer to Note 11, Share-Based Compensation, to the consolidated financial statements included elsewhere in this prospectus.

The fair value of common stock underlying the options has historically been determined by our board of directors, with input from management, and considering third-party valuations of our common stock. Because there has been no public market for our common stock, our board of directors has determined its fair value at the time of grant of the option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. The fair value of the underlying common stock will be determined by our board of directors until such time as our common stock is listed on an established stock exchange. Our board of directors determined the fair value of common stock based on valuations performed using the Option Pricing Method and the Probability Weighted Expected Return Method subject to relevant facts and circumstances.

New Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements included elsewhere in this prospectus.

Election Under the Jumpstart Our Business Startups Act of 2012

We currently qualify as an “emerging growth company” under the JOBS Act. Accordingly, we are provided the option to adopt new or revised accounting guidance either (1) within the same periods as those otherwise applicable to non-emerging growth companies or (2) within the same time periods as private companies.

We have elected to adopt new or revised accounting guidance within the same time period as private companies, unless, as indicated below, management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance. Our utilization of these transition periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain credit and interest rate risks as part of our ongoing business operations.

Credit Risk

We are exposed to credit risk on our investment portfolio and our reinsurance contracts. We manage the exposure to credit risk in our U.S. Treasury securities, municipal securities, corporate debt securities, residential mortgage-backed securities, commercial mortgage-backed securities, and other debt obligations portfolio by investing in high quality securities and diversifying our holdings. We manage the exposure to credit risk in our reinsurance contracts by obtaining reinsurance from a diverse group of reinsurers and monitoring concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. Additionally, all reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. The majority of our investment portfolio is invested in high credit quality, investment grade fixed maturity securities. As of December 31, 2019, none of our fixed maturity portfolio was unrated or rated below investment grade.

Interest Rate Risk

Our variable-rate debt obligations incur interest at floating rates based on changes in the London Inter-Bank Offered Rate, or LIBOR. A 1% increase in LIBOR would not have significantly impacted interest expense during 2019.

FOUNDER'S LETTER

The Root story began in my childhood. I grew up in an insurance household, and unlike other kids who might have had a paper route, I began working at my father's insurance company at the age of 14. Simply put, I fell in love with the industry and its innately noble mission of being there to support people on what very well could be the worst day of their life. It was also immensely fascinating to me — so mathematically complex and data driven, yet so ingrained in our everyday lives.

Through becoming an actuary and working at some of the largest insurers in the country, I was able to understand the frustrations that most consumers have with their auto insurer. While the noble mission still rang true, I quickly became disenchanted with how the industry prioritized resources and which issues it sought to solve. I wanted to utilize technology and data science to solve some of the most challenging "big data" questions out there and fundamentally change the way that auto insurance was underwritten. I wanted to create truly differentiated products, where pricing was based on causality and fairness, not correlations and demographics. Instead, I found an industry that was sleepy, resistant to change and comfortable resting on its laurels. Rather than focusing on innovation, the industry was content with spending billions of dollars a year on branding in an attempt to differentiate its otherwise commoditized products. That is when I knew it was time to leave.

When I met Dan Manges, my co-founder, it was clear that his technical background and track record of disrupting industries would be a perfect fit with my fervor and industry expertise. We were aligned on a mission, and in 2015 Root was born, based on the belief that machine learning and modern technology could fundamentally revolutionize the insurance industry while delivering a vastly superior consumer value proposition and experience.

With $266 billion in annual premiums, the U.S. auto insurance sector is an enormous market. The product is a government-mandated purchase for the vast majority of drivers. Nevertheless, the pricing of auto insurance reflects little to do with how consumers actually behave behind the wheel. Consumers have little to no control over their auto insurance -- their policies are often priced on stale demographic information that is hard or impossible to change, such as age, gender, marital status or education. It is also an industry where historically lower-risk good drivers are systematically overcharged to subsidize losses that emanate from the higher-risk worse drivers. There is a fundamental element of unfairness inherent to the traditional insurance industry. Consumers deserve better, and we believe technology and data science are the keys to unlocking the products that will enable that change.

While technology has radically changed our lives, in many ways the insurance industry still operates as it did a century ago. The industry continues to principally rely on archaic variables that do not measure driving behavior and are unfair to consumers. Further, it has not awakened to the reality that consumers are walking around with supercomputers (smartphones) in their pockets that can offer a deluge of individualized driving data on a daily basis. As data and predictive analytics are the foundation of insurance, we think the industry is in a prime position to be disrupted by an innovator, and we believe Root will be the one to do it.

In the five years since founding Root, we have developed what we believe to be industry-leading, and highly proprietary, telematics and data science capabilities. Further, we believe we are the only insurer in the industry that is scaling these capabilities across our book of business. We put consumers in control by pricing their insurance policies based on their driving behavior, not their demographics. In short, we leverage consumer data to provide better consumer experiences at better prices.

I am continually asked why the rest of the industry isn't focused on implementing something similar. The answer is simple: it is extremely hard to build and even harder to integrate with legacy systems. The algorithms that assess the data and draw conclusions about driving behavior and risk of loss take years to develop, significant investments, as well as data science expertise. Additionally, the incumbents face a classic "innovator's dilemma." If an industry incumbent sought to implement telematics-based pricing across its customer base, it risks large-scale lapses as customers react to price changes. For them, this risk of cannibalization simply outweighs the benefits.

We are still in the very early days of Root. As we look to the future, we believe the opportunity in front of us is massive and that we have the opportunity to create a historic, market-defining company.

In the pages of the offering document that follow, you will learn about Root's strategy and growth. I want to take a moment to highlight how Root operates. We understand that investment opportunities come in lots of shapes and sizes, and we hope the below will help you assess if we are the right fit for you.

- We prioritize growth because our business enjoys the network effects of big data and scale. These items (growth, scale, and data) turn our flywheel and unlock the full potential of our business model. More data allows us to deploy even more advanced algorithms, which continue to allow us to differentiate our product from the market while becoming an even better underwriter. As we grow, we expect our operational scale will realize economies of scale and grow margins.

- We focus entirely on the long-term trajectory of Root and do not manage the business to quarterly earnings. The opportunity in front of us is massive and will create new market leaders. To ensure Root wins, we believe we have to focus on building the company over the long term. Given the choice between increasing enterprise value over the long-term or prioritizing near-term earnings, we choose the former every time.

- We will consistently take big bets on new products, customers, and technology. These bets will strategically serve customer demand or capitalize on an existing asset that gives Root a lasting competitive advantage. There will be a cost to these bets, and we do not expect all to succeed. We believe this mentality will provide shareholders with the highest level of return on investment over the long-term.

- Our culture is driven by our unrelenting drive to win. We are scrappy, gritty, and determined. Our organizational structure allows us to remain as nimble as a start-up while we scale and grow and push ownership of decision-making down as far into the organization as possible. This drives our organizational velocity - something we see as a key competitive asset.

We believe Root is well positioned to win. We are in an enormous market, where natural momentum in technology and data drives our business to improve every day. While we believe we have the best customer experience in the industry, we go to work each and every morning uniquely focused on the fact that, **right now, today, our product is the worst it's ever going to be**. Every piece of data improves our pricing ability. Every customer who uses our app or website delivers valuable insights to make it better for the next customer. This is almost unheard of in the insurance industry, and we believe this makes Root a particularly compelling opportunity.

As you will read, we have our sights firmly set on expanding our business in multiple ways. Very few companies have both the opportunity to grow quickly in such identifiably large markets while having such innate forces driving improvements to the business model every day. As we continue to focus on the long term, we believe this will lead to Root becoming an industry-defining organization that is built to last.

We invite you to join us on our journey.

BUSINESS

Overview

Root is a technology company revolutionizing personal insurance with a pricing model based upon fairness and a modern customer experience.

We have built a company that recognizes each individual is unique and puts customers in control, rewarding them for their actions. For centuries, traditional insurance companies have grouped people into risk pools and long relied on the 'law of large numbers' to produce acceptable pricing on an aggregate basis. Fairness at the individual level has been largely ignored. Root is different—we use technology to measure risk based on individual performance, prioritizing fairness to the customer. The way we design and deliver insurance is not a simple tweak to the traditional insurance model—we are fundamentally reinventing insurance through technology, data science and a maniacal focus on the customer. While our opportunity is expansive and our ambition is global, our story begins with U.S. auto insurance.

We believe the $266 billion U.S. auto insurance market is ripe for disruption. Traditional methods of pooled risk assessment are not personalized and inherently less precise given individual behavioral data is underutilized or not measured as a component of the insurance risk assessment process. Systems and processes are typically old and we believe they are disconnected from the needs of consumers. Insurance agents are the primary form of distribution for traditional insurance and generally require expensive selling commissions, which increases the overall cost to the consumer. Our initial focus on auto insurance was motivated by how well-suited we believe the product to be for fundamental improvement through technology. We believe Root is the innovator to drive this transformation.

Auto insurance is required for the vast majority of drivers in the United States and we believe it is typically the first insurance policy purchased by consumers. As a result, our auto-first strategy establishes the foundation for an expansive lifetime relationship with the opportunity to add other personal insurance lines as customer needs evolve. Our strategy has also established the technological foundation for an enterprise software offering, diversifying our revenue streams over time.

The Root advantage is derived from our unique ability to segment individual risk based on complex behavioral data, a customer experience built for ease of use and a product offering made possible with our full-stack insurance structure:

- ***Behavioral Data and Proprietary Telematics.*** Our reinvention of auto insurance is made possible by the transparent collection and analysis of driving performance, which we believe is the most powerful predictor of accidents and the leading variable in our underwriting model. By collecting and synthesizing massive amounts of rich, sensory behavioral data across thousands of driving variables, including distracted driving, we strive to price based more on causality than correlation. This allows us to price our customers' policies more fairly—and in turn they pay premiums commensurate with their individual risk profile. While the notion of telematics has been around for decades, only recently has mobile technology made the concept adoptable at large scale.

  Today, we believe we are the only P&C insurance carrier with a scaled proprietary telematics solution designed to price an entire book of business. We believe we have the largest proprietary data set of miles driven, driving behavior and associated claims experience in the market. This data advantage, matching driving performance to actual claims, provides proprietary insight around accident causality, which enables us to uniquely segment risk, make smarter pricing decisions and grow our business rapidly and deliberately.

- ***Root Customer Experience.*** Our mobile-first customer experience is designed to make insurance simple. Our customers can on-board through their mobile phone in as little as 47 seconds, without touching their keyboard. Customers start by simply scanning their license in our app, answering a few questions and taking their phone with them while they drive for two to four weeks, or the test drive—with no additional hardware or dongle required. Our customers can manage policy adjustments digitally, including through intelligent chat functions. In the event of an accident, claims can be adjudicated digitally, with many repairable claims resolved and paid within 24 hours.

- ***Full-Stack Insurance Structure.*** We are a full-stack insurance carrier, which affords us complete autonomy with regards to the capabilities and features differentiating our product as well as our pace of innovation. We own and control nearly every aspect of policy design, origination, underwriting, claims and back-end processing, which enables us to iterate constantly and move quickly devoid of major third-party dependencies and inefficiencies. Additionally, we have the flexibility to adjust our use of reinsurance in response to market conditions, optimizing to a "capital-light" business model. We are licensed in 36 states, and our goal is to be licensed in all 50 states by early 2021.

Our core data capabilities underpin a business model characterized by an incredibly powerful—and accelerating —flywheel. The data we collect feeds proprietary risk scoring models that assist us in identifying what we believe to be the riskiest 10 - 15% of drivers on the road, a group we have elected not to quote thus avoiding a risk segment that is up to two times more likely to get in an accident than our average targeted customer. Instead, we strive to quote the remaining population fairly, often at a lower price than competitors, and build a more attractive book of business that then contributes even more data to our flywheel. Meanwhile we believe that traditional auto insurance companies who continue to use pooled-risk underwriting without broad implementation of telematics will be less competitive for lower-risk drivers allowing us to continue acquiring and converting this customer segment and winning market share, while leaving higher-risk drivers with competitors.

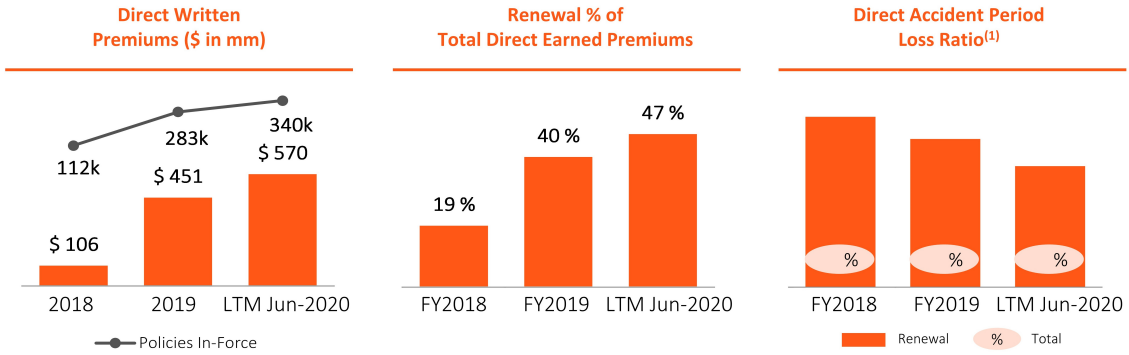
Growth is the key to unlocking the power of our total addressable opportunity. We believe the first player to reach scale with innovative data and machine-learning technology will have a profound risk segmentation and cost advantage, disproportionately taking market share. Competitors would face significant challenges to injecting an approach similar to ours into a traditional insurance model, absent a ground-up technology rebuild and years of data collection. This is the essence of the structural moat that we believe has enabled us to become a leader in this race for data-driven scale in the insurance industry.

We also have a distribution advantage as customer preferences continue migrating to direct channels, in particular mobile, where we acquire over 75% of our customers. We execute a combination of targeted digital marketing with companies such as Facebook and Google and an incredibly efficient, API-enabled partnership channel with deep integrations into captive audiences. Within digital marketing, we use data science models to dynamically bid on the basis of expected lifetime value. Over time we believe the ongoing data we accumulate through growth will fuel a pricing advantage for target customers, driving improved conversion and a cost of acquisition advantage in all channels.

Our model is different from that of a traditional insurance company. We are high growth with a tangible distribution and cost-to-serve advantage. Our claims management expenses, as represented by our LAE, are in line with peers within only two years of bringing claims management in-house and we have room to improve as we further embed machine learning into our processes. We are realizing operating efficiencies as we scale against our fixed expense base. Our customer relationships are extending as retention grows and the cross-sell of homeowners and renters insurance accelerates. Finally, we have a "capital-light" capital management strategy that prioritizes growth, sources efficient capital to support customer acquisition costs and utilizes risk mitigation tools to reduce exposure to tail events.

Over time we expect that our book of business will naturally mature as renewal premiums outweigh new premiums, driving profitability. Renewal premiums are characterized by lower loss ratios, and our accident period renewal loss ratio was significantly lower than our new business accident year loss ratio for the trailing 12-month period ended June 30, 2020. As our renewal premium base expands from 47% as of June 30, 2020 to align over time

with an industry average of approximately 80%, we expect our direct loss ratios will fall sharply as will our marketing costs as a percent of total premium.



(1) Direct accident period loss ratio represents all losses and claims expected to arise from insured events that occurred during the period, regardless of when they are reported and finally settled. We also monitor our direct loss ratio. Changes to our loss reserves are the primary driver of the difference between our direct accident period loss ratio and direct loss ratio. For additional information regarding direct loss ratio, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators."

Our DWP grew from $106.4 million in 2018 to $451.1 million in 2019. For the six months ended June 30, 2020, our DWP was $306.5 million. Our revenue was $43.3 million and $290.2 million in 2018 and 2019, respectively, and our net losses were $69.1 million and $282.4 million, respectively. For the six months ended June 30, 2020, our revenue was $245.4 million and our net loss was $144.5 million. See the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Results of Operations”.

Our Industry

Insurance is one of the oldest and largest markets in the world, touching every corner of the world and protecting our most important assets. Global P&C insurance premiums amount to $2 trillion annually.

Our primary addressable market today is U.S. personal lines insurance. This market exceeded $370 billion in 2019 premiums and has grown at a 5% CAGR since 2014.

Over the past century, there have been only a few waves of innovative disruption within insurance. Perhaps the most disruptive was the advent of the internet as a distribution channel in the late 1990s which redefined the personal auto insurance market. We believe the rise of digital distribution is the primary driver of the $50 billion market share shift that has accrued to direct models over the last 20 years.

We believe the next technology-driven structural shift is underway—and this time the shift is not just distribution-related but a holistic change in the way insurance is priced and delivered.

- ***The way insurance is priced.*** The opportunity to price customer protection based on individual behavior rather than demographics has been advanced by mobile engagement and advanced data science, including machine learning. We strongly believe that in the future the vast majority of drivers on the road will have an insurance policy priced with telematics, with market leaders defined by their ability to translate data into actionable insights around underwriting and pricing. In this regard, we believe the market is on the verge of a tipping point for which industry incumbents are generally unprepared.
- ***The way insurance is delivered.*** Over the last decade billions of dollars have been spent by venture capitalists and incumbents alike on insurance innovation and technology, yet the insurance experience is essentially the same. The products offered by traditional insurers have not changed much. The majority of premiums remain distributed through agents with extensive forms and in-person interviews and not through digital or mobile channels. Almost every claim is labor intensive.

We believe innovation has been slow within the P&C insurance industry, in part, because legacy systems are difficult to build upon and nearly impossible to replace. Also impacting the pace of innovation is institutional friction generated by the cost and perceived risk of a requisite ground-up technology rebuild, disruption of carrier-agent relationships and the business model implications of replacing broad pool-based pricing. Our proprietary technology and business model allow us to avoid these pain points and aggressively pursue the opportunity to be at the forefront of this structural shift.

Why We Will Win

Today, we are at the precipice of a structural market share shift in the P&C insurance industry that we have not seen since the introduction of the internet as a direct distribution channel. We believe we are best positioned to gain disproportionate market share during this disruptive evolution of the insurance industry based on the following:

- ***We are mobile first, today.*** Our ability to drive fair, behavioral pricing depends on mobile. Mobile affords us seamless engagement and transparent data exchange. We do not believe a scaled behavioral-based pricing model is possible without broad mobile engagement.
- ***Our customer value proposition is clear.*** Relating to the customer segments we target, we lead our competition in what we believe are the two most important factors in selecting an insurance provider—price and experience.
- ***We benefit from a powerful flywheel.*** Our data and technology-driven value proposition attracts more customers, producing more data and completing a flywheel that only strengthens our competitive advantages as it turns.
- ***Our technology gives us a head start.*** Individualized, behavior-based pricing is not easy. However, we have what we believe is the largest set of miles tracked with proprietary telematics and associated claims, providing what we believe to be a four-year head start and a critical first mover advantage.

These four ingredients—mobile engagement, a clear value proposition, a powerful flywheel and differentiated technology—underlie what we believe is a massive competitive advantage and a barrier to entry that is insurmountable without an investment of time, resources and expertise akin to what we have invested since our founding. The industry shift towards individual performance-based pricing has begun and we do not expect it will reverse course. According to Willis Towers Watson, 93% of Millennials are willing to share their driving data, citing the ability to control their premiums as among the most important factors; we are prepared to serve them.

Our Behavioral Data and Proprietary Telematics

Our data represents one of our most prominent competitive advantages because we can uniquely segment risk. Our technology platform collects vast amounts of data from disparate sources, including telematics and claims, and aggregates this data into an integrated set from which we derive proprietary insights about our customers' driving performance, most importantly around the driving behavior that causes claims. By using telematics, we put our customer in control of their premiums from the start.

Why Telematics Matters

Telematics involves a motion capture device that allows the collection and transmission of telemetry data, in our case facilitated by our customers' mobile phones. The technology has only recently been commercialized, with telematics first deployed primarily in fleet management. Today, some personal auto insurers deploy telematics-based programs with varying degrees of success, and no large incumbent has scaled telematics across their portfolio.

Our telematics process begins with data collection, which is then synthesized into a proprietary UBI score, an underwriting variable that we believe is the most powerful among the variables currently used across the industry. A UBI score consists of an ensemble of modeled variables that are influential in determining both underwriting eligibility and pricing.

While there are competing companies that collect data, synthesize behavioral scores, and price risk, we believe we are the only company performing all three functions. This is particularly important as the entire process benefits from fast-paced structural iterations, such as enhancing data collection mechanisms immediately upon observing a statistical trend. Most incumbent carriers in the P&C insurance market utilize third-party telematics service providers for data collection and scoring. That approach not only limits the effectiveness of their segmentation but, combined with legacy technology systems lacking functional flexibility, impedes their ability to iterate. The three elements of our capability, from collection through pricing, are as follows:

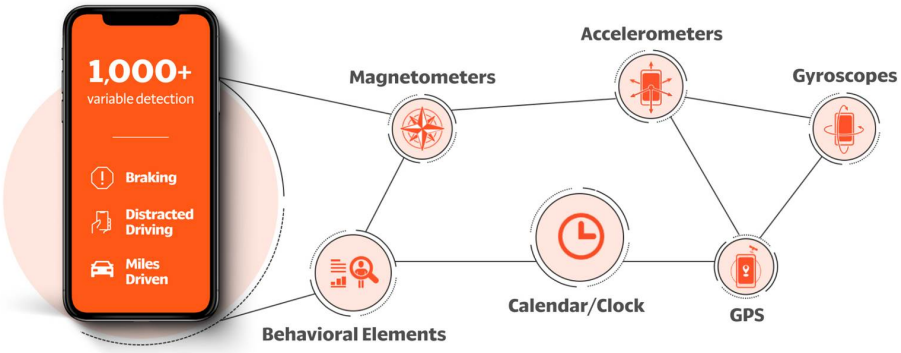
- *Data Collection.* We collect data from the sensors embedded within the customers' iOS or Android device. This includes gyroscopes, magnetometers, accelerometers and GPS. While these sensors were originally embedded within smartphones for non-telematics use cases, they are highly sophisticated and accurate technologies that have proven effective for our purposes when combined with our advanced, proprietary data science capabilities.

  We are currently capable of tracking thousands of behavioral driving variables and detecting a continuum of driving patterns. This includes, for example, hard braking, turning, mileage, consistency of schedule, and distracted driving. Distracted driving is among the most predictive elements of a telematics risk score. We are selective in the volume of data we collect, both in terms of the number of variables and how frequently we record. Data collection has battery life implications and we view it as critical to user experience that we do not apply undue pressure on battery life.

  Many competing telematics programs use OBD2 devices, often referred to as "dongles", which plug into a vehicle's on-board diagnostics, or OBD, port and which we believe are inferior to mobile-based solutions. OBD2 devices capture wheel rotation on a per-second basis and are therefore effective in measuring speed and hard braking, but are otherwise limited in their ability to capture other forms of behavioral data such as distracted driving. Further, deploying OBD2 devices as part of a telematics program involves considerable expense and is a source of customer friction as the device needs to be physically delivered to the customer, properly installed and maintained or replaced over time.

  With customer permission, we continue to monitor driving behavior after the initial underwriting period. The data we collect is used as part of our systematic data science pipeline used to train and retrain our models, continuously improving their predictive power over time. This provides the capability to re-score and re-price at renewal based on behavioral changes, which we are scaling across our renewal portfolio.

  We have a long history of working with various types of devices and expect in the future to extract more data directly from the vehicle, which is why we spend considerable time with original equipment manufacturers, or OEMs, thinking through technological infrastructure and integrations. Today, however, OEM-based telematics data remains unstandardized across manufacturers. Over the long term, data science rather than data aggregation will be the primary differentiator in telematics and we plan to continue to invest in order to maintain our leadership position.



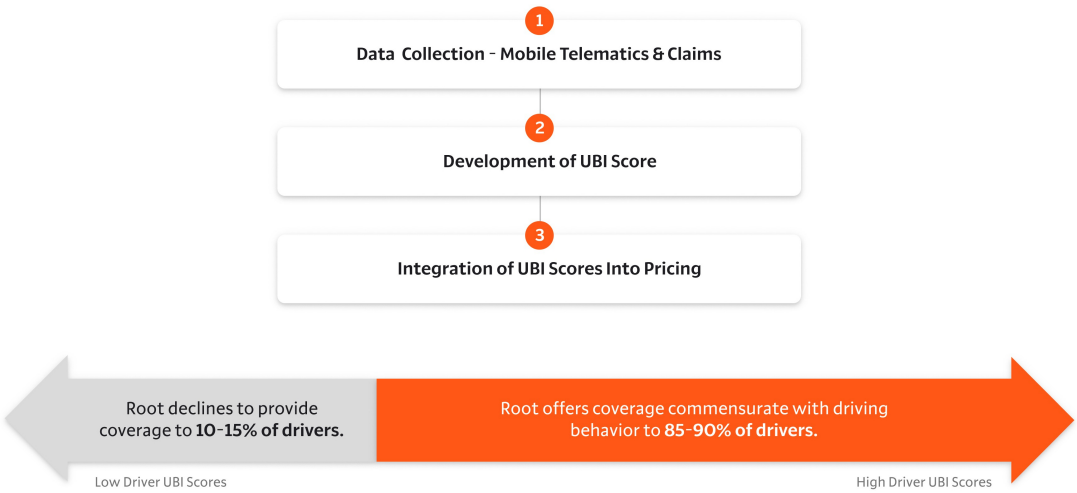
- *Developing UBI Scores.* In developing UBI scores, we first measure and record implied physical events, such as hard braking and distracted driving, from the raw sensor data described above. Driving behavior is then understood from these physical events with signal processing and machine-learning techniques, resulting in a UBI score for subsequent inclusion into our underwriting eligibility and pricing models.

  While OBD2 devices collect clean but limited data, smartphones provide an enriched set of sensor data that is "noisier." We smooth, or "clean", smartphone sensor data with machine-learning techniques, allowing us to aggregate thousands of predictive components into a single telematics risk score. Once merged with actual claims data, we are then able to identify those behavioral factors which are the strongest predictors of future losses. The data science we apply to our data set is highly sophisticated and fully-proprietary.

  Our research process is completely systematic and driven by disciplined quantitative methods that promote reproducibility. Our telematics risk scores are tested on hold-out datasets that the models have never seen, allowing us to evaluate our models in an environment that reflects real-world deployment. This gives us confidence that our risk scores are truly predictive of future losses, and allows us to seamlessly deploy to production with our integrated underlying technology and systems.

  The majority of incumbents are disadvantaged in this regard, as many rely on third party telematics providers who do not have direct access to associated claims. We believe some third-parties train models based on synthetic claims, such as inferred collisions, which is an inherently flawed method that we do not believe is sufficiently representative of real loss experience. Furthermore, because incumbents are typically dependent on disparate systems, including those of third parties, the translation of research and development into production is slow and cumbersome, inhibiting the general pace of innovation.

  Our predictive power improves with each new scoring iteration. Our first score, Root UBI 1.0 built in 2016, was trained on 2 million miles while our most recent model, Root UBI 3.14, has been trained on over 10 billion miles and hundreds of thousands of actual claims. Each successive generation builds upon the prior generation's capabilities with even more data. Constant real-time monitoring of our models allows us to identify and mitigate model decay.



- *Integrating UBI Scores into Pricing.* Translating UBI scores into pricing is a two-step process. First, we utilize UBI scores as the primary factor in assessing underwriting eligibility. We have observed that the riskiest 10 - 15% of drivers, based upon the Root UBI score, are up to two times more likely to get in an accident than our average targeted customer. We make a binary decision not to accept this disproportionally elevated risk group, and the downstream effects of this strategy are dramatic.

Because we do not select the riskiest 10 - 15% of drivers according to our proprietary scoring, our portfolio is not burdened by the outsized losses attributed to this uniquely high-risk segment. This underwriting strategy results in a set of policyholders with significantly lower-average risk so that safer drivers do not need to subsidize the identified high-risk drivers, as is common among incumbents. For this reason, we have a pricing advantage for our targeted customers.

The second step is to aggregate the UBI scores with traditional and state approved rating variables, such as driver age, vehicle age, and other factors, to derive a quote. This is an analytically intensive process which requires, among other adjustments, accounting for correlations between our UBI score and traditional rating variables. For instance, if age and hard braking are correlated, we need to adjust our pricing model when including age as a rating variable. This process of calibrating pricing models for variable correlation is facilitated by our full proprietary research and development pipeline, from data collection to pricing. Carriers that source a UBI score from third parties are limited to layering in pre-defined scores on top of a pre-existing pricing model, which limits its power and effectiveness.

By basing rates on driving behavior, and by sharing feedback during the test drive, we not only price effectively but can, through engagement with our driving score, influence our community of drivers to become safer over time. We believe that maintaining this type of transparent and ongoing engagement with our customers is critical to building a long-term customer relationship. Over time, the predictive power of telematics will be more and more important given the cultural and public policy movement that is currently challenging the ethics and fairness of demographic-based underwriting, and to which regulators have become attuned. In a July 2020 interview, Ray Farmer, president of the NAIC, announced the group was launching a wide-reaching effort to review existing underwriting practices to identify those that may be discriminatory.

One of the premier advantages of telematics data is scalability, particularly in a market regulated state-by-state where permissible underwriting inputs vary. Our telematics capabilities provide us a baseline level of predictive power from which to quickly build and release pricing updates based on observed experience.

Telematics is the Root of our Data Advantage

Telematics is the foundation of our data advantage and risk segmentation capabilities for the following reasons:

- *Massive data set.* The Root app analyzes thousands of driving variables and is capable of collecting many data points per second through the driver's mobile device. We have collected data from over 10 billion miles and hundreds of thousands of claims.
- *Predictive power.* We believe driving behavior is the most powerful predictor of losses, and we measure this through telematics. Over time we hope to remove all correlation variables from our pricing model in favor of a purely behavior-based approach, beginning with our initiative announced in August 2020 to remove credit scores from underwriting.
- *Foundation of our flywheel.* Our behavioral data allows us to further refine prices, typically offering our targeted customers quotes below those offered by our competitors, which drives conversion, drawing more customers and providing more data to our platform.
- *Manage loss ratios.* Effectively harnessed, telematics-based pricing models are far more accurate than models built on traditional, demographic-based underwriting variables, enabling us to segment risk and deliver lower loss ratios which we can share with our customers in the form of better prices.

Integrating Telematics with Claims

The hallmark of our data advantage is our integrated set of actual claims and associated proprietary telematics, which we believe to be the largest in the market. We match miles tracked, on an individual basis, with actual claims

and identify a set of driving performance factors that cause, or on a relative basis are more likely to cause, accidents. For example:

- Hard braking very often flags a near miss, an accident that almost happened. We have observed over time that drivers who report claims have typically applied hard braking at a greater frequency than drivers with a limited or no claims history. This suggests that a current or prospective customer who, relative to the broader pool of drivers, applies hard braking frequently is more likely to get into an accident and make a claim in the future.
- However, hard braking can be more frequent in an urban setting. We are able to adjust for context, ensuring our customers are not penalized for driving as safely as they can in a given environment.
- We can infer the difference between a Sunday drive and a commute, adjusting accordingly. Certain driving performance is expected if, for instance, a driver is experiencing the route for the first time.

We use an internally developed claims infrastructure to capture comprehensive structured data, contributing to our data advantage when combined with telematics experience and iterated over time. This integrated data set drives a current UBI score that is almost ten times more predictive than an industry-leading UBI provider according to Milliman.

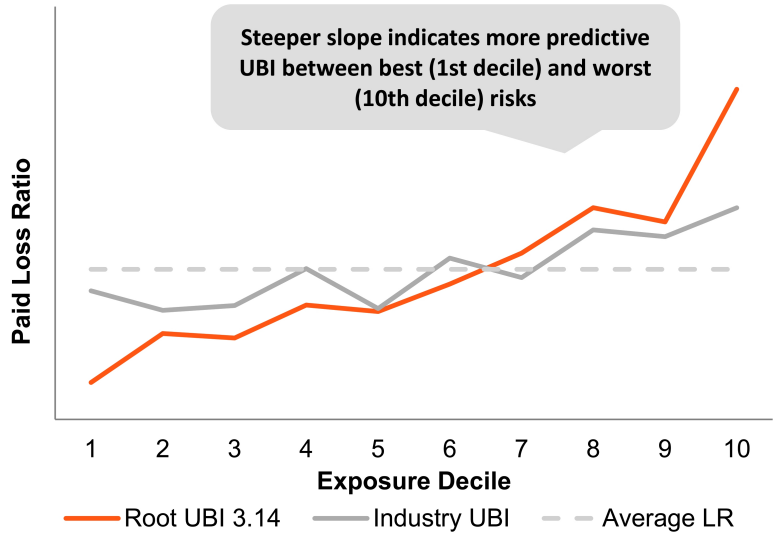
How our Capabilities Have Evolved

We launched our insurance in 2016 with UBI scoring performed by a regulator-approved third-party telematics provider while we simultaneously built our own proprietary telematics solution. The third-party base case of predictive power underperformed our expectations but provided a reference point from which we measure our own scoring solution that now extends to the third generation of our UBI score, Root UBI 3.14. Each generation has represented a step change in predictive accuracy:

- *Root UBI 1.0.* Built in 2016 and leveraging 100,000 trips and over 2 million miles but without explicit claims integration. With GPS-only input data, Root UBI 1.0 had four times the predictive power than did our original third-party solution and represented our first step towards internal pricing models rather than relying on publicly available and approved rate sheets, a pricing strategy referred to as “me too pricing” that is common among new entrants across insurance products.
- *Root UBI 2.0.* Built in 2018 and leveraging 50 million trips, 700 million miles and 3,000 claims. This capability improved upon motion input, such as hard braking, by leveraging accelerometers and gyroscopes.
- *Root UBI 3.14.* Built in 2020, our latest generation delivers almost ten times the predictive power versus our original third-party solution, leveraging over 10 billion miles driven and hundreds of thousands of associated claims. UBI 3.14 was released two quarters after its predecessor Root UBI 3.0, with a fast follow implementation of a new ensemble of models on top of the 3.0 foundation. Milliman assessed the predictive power of Root UBI 3.14 by evaluating the reduction in mean-squared error of predicted loss ratios, a measurement of the quality of a predictive model across an entire distribution.

The lift chart below compares Root UBI 3.14 and our original third-party solution, referenced below as industry UBI. This chart segments drivers into exposure deciles based on the best (1st decile) and worst (10th decile)

risks and shows Root UBI 3.14 is able to better identify the best and worst underwriting risks, as compared to the original third-party solution.



It took us over two and a half years to graduate from our first generation (Root UBI 1.0) to our second generation (Root UBI 2.0) capability. Our most recent graduation, from Root UBI 2.0 to Root UBI 3.14 took less than two years and extended our predictive power to almost ten times our original third-party solution, illustrating the power of our flywheel. As we acquire more customers, aggregate more data and test and add new variables, the pace of improvement in our predictive power capabilities accelerates. We expect our next generation models to include such variables as enhanced distracted driving detection and geospatial enrichment.

Root Customer Experience

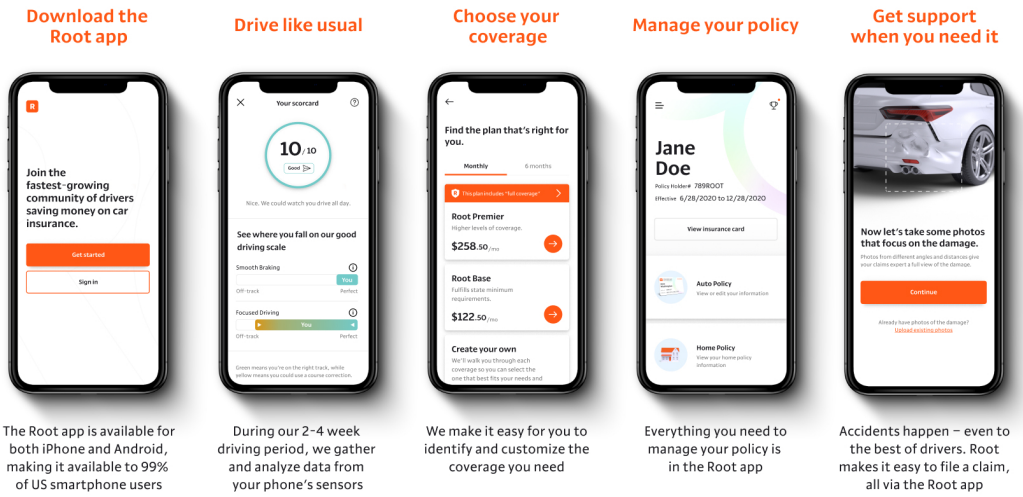
We meet our customers where they are, on their mobile phone, with a user-friendly interface and convenient, efficient experience. This is the mantra that drives our mobile-first engagement strategy and underpins both our user experience and our fundamental business model, notably around data.

Engaging our customers and prospective customers directly through the mobile device gives us access to an underutilized distribution channel, mobile, through which many incumbents have historically had difficulty profitably acquiring customers. Through our hyper-targeted, data-driven and ever-improving performance marketing capabilities, we have been able to acquire customers for below the average cost of doing so through each of the direct and agent-based channels.

A primary reason the mobile channel works for us is that we make it easy from the beginning. App installation and initial engagement is intuitive and customers can easily identify the coverage they need in everyday language, including offering bundling options which clearly lay out associated cost savings.

Mobile devices are also the foundation for collecting telematics data from our customers. Sophisticated technologies such as accelerometers and gyroscopes, originally designed to support gaming functionality on mobile devices, can extract rich sensory data, allowing us to analyze driving behavior in ways not previously possible and to thereby customize pricing. Mobile devices are more technologically advanced than the OBD2 systems used by large incumbents, capturing performance and behavior data beyond hardwired telematics, and, importantly, available to us at no cost.

Our mobile engagement extends across the customer experience and value chain:



- *Engagement.* The vast majority of our new customers come through our digital or partnership channels, which are largely mobile.
- *Profile Creation.* The Root app is available for both iOS and Android operating systems making it available to 99% of U.S. smartphone users. By simply scanning a driver's license a prospective customer can nearly complete a profile, part of an on-boarding process that is possible to complete in as little as 47 seconds and with no keyboard interaction.
- *Underwriting.* The test drive is a key component of the underwriting process. A two-to-four week test drive gathers and analyzes data from smartphone sensors measuring braking, consistency, turning, time of day and other performance and contextual data.
- *Coverage Selection.* As part of profile setup, our app pre-populates with a customer's owned automobiles and existing or prior coverage terms, allowing easy and seamless selection of policy terms.
- *Policy Management*. Once bound, customers can perform all policy management functions seamlessly from our app including profile or coverage adjustments, obtaining proof of insurance or chatting with a bot or human.
- *Claims.* Accidents happen. We make it easy to file a claim and track processing status through to settlement via the app, allowing us to payout claims rapidly.

Auto insurance is a product most people use every day, reinforcing the importance of our mobile-first engagement strategy for both customer experience and data collection.

Full-Stack Insurance Structure

We are a full-stack insurance carrier. In substance this means we have the infrastructure to design products, and distribute, underwrite, administer and pay claims on all of our policies. In practice this means we own and control an end-to-end insurance experience and have near complete operating autonomy, subject to regulation, to grow our business.

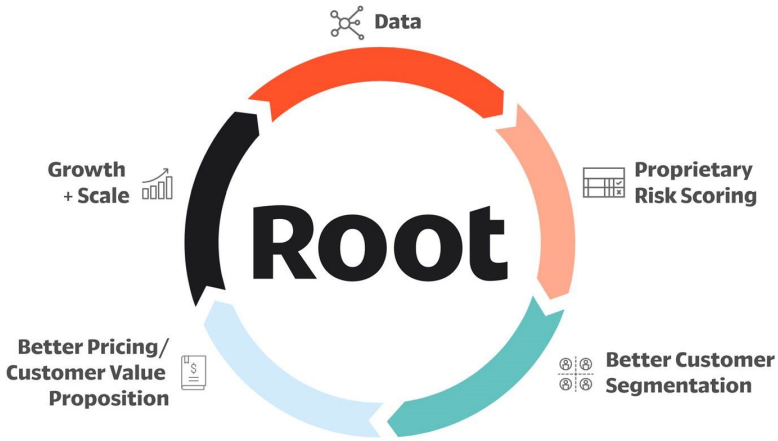
Root is a regulated, full-stack insurance company with a domestic carrier, Root Insurance Company, and a wholly-owned, Cayman Islands-based reinsurer, Root Re.

The Root Insurance Company is licensed in 36 states and currently active in 30. Our active footprint, which excludes California, represents approximately 50% of the U.S. driving population and our goal is to be licensed in every U.S. state by early 2021.

Our full-stack carrier model supported by proprietary technology leaves us virtually unencumbered by third parties across the value chain, provides complete design and feature discretion and frees us to innovate and iterate far faster, we believe, than any of our major competitors. We view this flexibility as absolutely critical to introducing new capabilities, reinforcing customer centricity and driving growth.

In addition to our full-stack structure, we also have a captive insurance agency, RIA. RIA is structured to allow us to offer new products to our customers without developing underwriting capabilities or retaining risk on our balance sheet, which facilitates our "capital-light" model. For example, RIA sells homeowners insurance policies via our mobile app on behalf of Homesite Insurance and earns commission on policies sold with no risk retained.

Our Powerful Flywheel



As with many data-enabled businesses, we benefit from a flywheel in that additional data allows us to do our job better and fuels growth. However, in contrast to many other flywheels where growth-generates-data-generates-growth, we believe our flywheel is more powerful in that increased data generates targeted growth and increases the lifetime value of our customers.

Our proprietary UBI scoring models calculate individualized risk-based on our unique analytical capabilities, notably our proprietary data set of miles driven, driving behavior and associated claims experience which we believe is the only such integrated capability in the market.

The data science behind UBI scoring tells us that the riskiest 10 - 15% of drivers are up to two times more likely to get in an accident than our average targeted customer. We act upon this observation in two ways. First, we do not quote this high-risk segment of potential customers. Second, because we are not burdened by the elevated risk and potential losses of this narrow segment, we can offer the most competitive prices for our targeted customers.

The pooled-risk pricing strategy employed by the majority of incumbents takes a more uniform view of risk absent the capability to segment on an individualized basis. First, incumbents generally do not have the technology and infrastructure to collect and synthesize an integrated set of proprietary telematics and claims data. Second, introducing individualized telematics-based pricing across an existing portfolio constructed without telematics would have enormous profitability implications as lower-risk drivers would be re-rated to a meaningful discount, reducing profits, and high-risk drivers would be surcharged which could result in reduced retention.

Through telematics, we are better able to identify low risk drivers and we are therefore able to offer such drivers competitive prices based on this risk, giving us an advantage in acquiring new customers as compared to traditional insurance carriers, winning share from our competitors and growing our business. As we bring more targeted customers onto our platform, we accumulate more data, retraining our models, improving our UBI score and reinforcing our competitive advantages.

Our granular risk segmentation yields strong conversion of customers whose behavioral data indicates lower risk than a market-standard demographic rating alone. However, when a competitor prices a driver based on traditional underwriting variables, for certain risk segments our price will not be the lowest and we will not convert that potential customer. We view this outcome as mispriced risk accruing to a competitor's balance sheet. As our flywheel turns and more mispriced risk converts with our competitors, our competitors are put in a position of having to broadly raise prices to meet profit expectations, improving our conversion.

Our Business Model

Our model revolves around using integrated data and technology to create a pricing advantage through granular risk segmentation. By mitigating disproportionate risk, we can offer individualized pricing which is lower than competitors for the majority of our target customers. This pricing advantage allows us to efficiently drive rapid, targeted growth and acquire more data as part of a powerful feedback loop.

We efficiently acquire customers through multiple digital channels such as Facebook and Google and highly strategic distribution partnerships with Stash, SoFi and Chime, where we leverage our partners' premier user experiences to approach captive audiences in a contextually relevant, data-centric way. Accordingly, our marketing costs are well below industry averages.

We operate with a cost to serve advantage versus the incumbents. By engaging our customers digitally, with intelligent bots within customer support, self-service within our mobile product, and machine learning within our claims function, we have achieved operating efficiencies aligned with our peers despite our smaller revenue base.

Our model naturally benefits from portfolio maturity. As we grow our business, we anticipate, consistent with industry norms, that a greater proportion of our premium will be from customer renewals without associated marketing costs. Renewal premiums, referring to premiums from a customer's second term and beyond, have lower loss ratios as compared to new premiums. For instance, we have observed loss ratios decline by 27% between first and fourth term.

Our unit economic model improves as we cross-sell through bundling. We have recently launched both a homeowners and a renters insurance policy. In the states in which we write renters policies, as of June 30, 2020, 5.4% of eligible auto customers elected to bundle a renters policy with an auto policy. Bundling allows us to access the high lifetime value segment of the market preferring a single insurance vendor relationship, while efficiently increasing premiums and expanding retention rates.

Customer retention, which we measure as the percentage of customers that renew a policy from one policy term to the next, is a critical component of our business. As of June 30, 2020, our term one and term two policy retention rates were 84% and 75%, respectively. Our retention rates include customers that retain through the first day of the subsequent term and exclude policies that do not make it through the underwriting period, as defined by state regulators, and rescissions. Adjusting for these customers reduces one and two term policy retention by 33% and 10%, respectively.

Our Growth Strategy

We are focused on the following growth strategies to continue penetrating the $266 billion auto insurance market and ultimately the $2 trillion global personal lines market over time:

- ***Execute the Auto Opportunity***
  - *Better, fairer pricing.* We will never stop working to improve our ability to segment risk by increasing the influence of behavioral factors in our underwriting and pricing models. Our primary tool for

improvement is to continue applying data science to our powerful flywheel, where each rotation sheds incremental light on the causes of accidents. Over time we hope that we can replace all correlation-related inputs to our pricing model, such as credit scores, with a fully behavioral pricing model. We would view this as the ultimate achievement in customer transparency and fairness, and a uniquely distinguishing competitive advantage.

- *Grow national auto insurance presence.* We will continue to aggressively invest in domestic growth by becoming active in more states while creating brand awareness through a national marketing campaign.

- *Enhance marketing efficiency.* We will continue to enhance the efficiency of our marketing spend through better data science and dynamic targeting in our digital channel, as well as greater investment in channel media and expansion of our partnership channel, where we build on the premium mobile and web experiences of contextually relevant partners to access their active customer base.

- ***Accelerate Insurance Product Innovation***

  - *Strengthen value proposition and business model through cross-sell*. We will continue expanding our homeowners and renters insurance footprint. In bundling these products with auto insurance we unlock the 50% of the market that we believe prefers a bundled offering and was therefore not available to us before. This strategy supports our unit economics by creating additional revenue with no incremental marketing spend. We have also observed that customers with multiple policies retain better than auto-only customers.

- ***Pursue Enterprise and International Expansion***

  - *Invest in enterprise*. We have developed a distinct enterprise offering leveraging our existing technology and capabilities. In March 2020, we launched our first set of enterprise technology products to provide telematics-based data collection and trip tracking and today we have agreements with multiple clients. We will continue investing in and growing this product offering to create a distinct and scalable software-as-a-service recurring revenue stream absent risk retention.

  - *Pursue International*. We will look to expand into the international market, both as a consumer-facing insurer in certain markets and through enterprise software in other markets, enabling select insurance companies with mobile telematics data collection and scoring capabilities.

We may selectively pursue acquisitions to accelerate any of our growth objectives or to improve our competitive positioning within existing and new products.

Our Products

Root Auto

Auto insurance premiums constitute the majority of our revenue today. We have a single product that varies in the timing of the test drive, with some customers binding after a test drive and other customers binding ahead of a test drive, subject to a subsequent rate adjustment based on telematics. We underwrite our auto insurance policies on a proprietary basis, retaining risk subject to support from our reinsurance agreements.

The Root Insurance Company is licensed in 36 states and currently active in 30. Our active footprint, which excludes California, represents approximately 50% of the U.S. driving population and our goal is to be licensed in every U.S. state by early 2021. In instances where a prospective customer solicits a quote in a state where we do not currently underwrite we retain their contact information with permission and reengage upon state entry.

In April 2020, we entered into a Stock Purchase Agreement, or SPA, to purchase Catlin Indemnity Company, or Catlin, subject to regulatory approvals by the Delaware Department of Insurance, or the Department, for consideration equal to Catlin's aggregate amount of statutory capital, surplus, and investment income at the time of closing, plus approximately $8.2 million. At the time of execution of the SPA, we paid the seller a non-refundable execution deposit of $200,000. We agreed to indemnify the seller for any damages arising from the inaccuracy or

breach of our representations, warranties, covenants, and obligations under the SPA, as well as for any post-closing losses from operations or tax obligations by Catlin. We anticipate that the Department will act on this matter no later than November 15, 2020, and we plan to close the acquisition later in 2020. This acquisition will expand our ability to sell personal auto insurance in 48 states and the District of Columbia.

Root Home

We launched our homeowners insurance program in May 2020, in partnership with Homesite, to facilitate an auto and home bundle and access the attractive homeowner demographic. We have found homeowners often prefer to bundle, which produces attractive unit economics over time.

In Homesite, we found a partner sharing our commitment to customers. Homesite was one of the first companies to enable customers to purchase home insurance directly online and is a subsidiary of American Family Insurance, the seventh largest homeowners insurer in the U.S. by direct premiums written.

We currently offer homeowners insurance in 13 states, representing 32% of our auto footprint and seek to extend to our entire auto market in the near term.

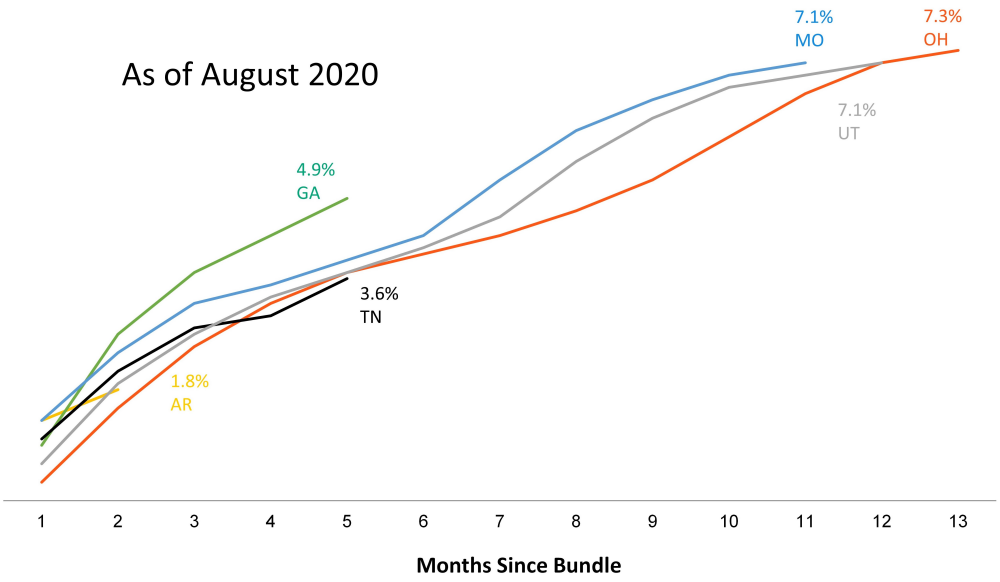
Our homeowners insurance product is seamlessly integrated into our app, providing customers a user-friendly path to purchasing a home policy or bundling home with a pre-existing auto policy. Homesite underwrites and services our home policies, in addition to bearing the associated risk. As such, we earn a commission via our agency on inception and renewal from policies originated through this channel.

Root Renters

We launched our renters insurance product in July 2019 primarily to cross-sell to existing customers, enhancing economics with multi-product margins and better retention. Our renters policies cover stolen or damaged property, and also cover personal liability, which protects our customers if they are responsible for an accident or damage to another person or their property.

We underwrite our renters insurance policies on a proprietary basis, retaining risk subject to support from our reinsurance agreements.

We are currently licensed in 14 states in which we write auto policies and are actively underwriting policies in eight states representing 23% of our auto footprint as of June 30, 2020. In the states in which we write renters policies, 5.4% of eligible auto customers elected to bundle a renters policy with an auto policy as of June 30, 2020. This figure consistently grows with each new monthly cohort, as seen below, reflecting the early success in scaling this product:



Enterprise

We are commercializing our mobile telematics and technology platform capabilities across an array of industries including personal and commercial auto insurance, fleet management, ride sharing and broader financial services. This takes advantage of technology investment already made to create a SaaS based product with a recurring revenue model, where fees are generated based on the number of vehicles or drivers measured and with no retained risk exposure.

Our first enterprise product, launched in March 2020, includes telematics-based data collection and trip tracking. Today we have signed enterprise agreements with multiple clients.

Our enterprise initiative is supported by a distinct team including sales, product development and engineering, though it largely leverages existing technology infrastructure leading to high incremental margins.

Over time we intend to expand our enterprise product suite to include risk analysis, risk management scoring and vehicle fleet performance management software. We expect these products to further our advantage in mobile telematics, offer revenue diversification in a scalable market and expand our margins over the long term.

Our Distribution

We distribute largely through the mobile channel, with over 75% of customers acquired through either our mobile app or mobile web platform. One of the things that excited us most when we launched Root was a recognition that very little insurance was distributed through the mobile channel. Among incumbents many do not support online binding and those who do replicate the long and often tedious application for insurance in a mobile setting. Mobile is the fastest growing retail channel in the United States, as customers spend less time in front of computers and utilize smart phones for more convenient shopping. We therefore designed a mobile-directed

customer acquisition strategy, delivering customer acquisition costs below the average cost of doing so through each of the direct and agent channels:

- *Digital.* Our digital channel is designed to drive volume by efficiently capturing high intent customers. We accomplish this by meeting our customers within platforms they use extensively such as Facebook and Google or select marketplace platforms where consumers are actively shopping for insurance. We deploy dynamic data science models to optimize targeting and bidding strategies across our digital platforms aligning customer acquisition cost to expected lifetime value of the potential customer. Today over three-quarters of marketing spend is through digital performance channels.

- *Channel Media.* We build consideration and drive intent through household-level targeted digital media channels such as YouTube and Hulu, as well as more traditional media channels such as billboards, regional TV and radio and direct mail. We utilize these media channels to drive awareness when launching new states and to actively target customers in active states.

- *Partnership.* We build upon the superior mobile and web customer experiences of selected distribution partners such as Carvana, Chime, GasBuddy, SoFi and Stash to reach a captive customer base. Through deep integration we are able to engage prospective customers when contextually relevant in third-party applications and target high value customer segments at a higher marketing efficiency than other channels. We expect increased penetration of this channel over time as we seek to grow partnership relationships offering access to relevant customer bases.

- *Referral.* We encourage our existing customers to spread our value proposition. Our referral channel compensates existing customers who refer new customers who subsequently receive a quote. This channel facilitates community-based growth to those who value our fair and transparent approach to insurance. This is our lowest cost acquisition channel and an important aspect of our ongoing distribution strategy.

The efficiency of our customer acquisition strategy has resulted in a cost of acquisition advantage versus direct and agent channels. While our customer acquisition costs can vary by channel mix, by state or due to seasonality, over the period from August 2018 to August 2020 our average customer acquisition cost was $332. In the near term, as we expand our licensed footprint to 50 states, we will invest in our national brand, which will increase awareness, build credibility and support all four of our distribution channels. Furthermore, we continue to invest in the technology and data science behind our distribution with A/B tests, dynamic bidding models, and rapid updates and iterations, supporting differentiated cost of customer acquisition over the long term.

We believe our partnership strategy is uniquely different from our competitors' "affiliate" distribution strategy. Partnerships are an extension of our customer experience mantra of meeting consumers where they are and simplifying the entire insurance experience. Today, we have more than 20 strategic partners through which consumers can discover Root whether they are investing, managing their finances, looking for additional savings, managing their fuel efficiency, or purchasing a vehicle. Our partners market Root to their consumers, and we leverage technology to build a more seamless experience for discovering Root in third-party applications. We will continue to scale these partnerships across additional captive audiences and deepen the integration to enable consumers to have a simple "one click to bind".

Case Study: Our GasBuddy Partnership

The GasBuddy partnership is a blend of both an early enterprise product engagement (Root trip tracking) and a distribution partnership. GasBuddy is a travel and navigation app used by millions of drivers in the United States and Canada to save money on gas. The customer base is contextually relevant to Root as they are seeking to manage driving related costs.

GasBuddy's mobile app has been downloaded nearly 90 million times with approximately 6 million monthly active users. Users actively share location and driving data in a crowdsourced platform to identify cost saving opportunities. Users can opt-in to enable data sharing with the Root Enterprise telematics platform, which measures driving behavior and assists customers in tracking mileage and fuel efficiency.

For Root, the partnership provides access to GasBuddy's large user base, which we view as high lifetime value based on prior coverage and vehicle ownership characteristics, and an ability to collect additional telematics data. Given this telematics integration, we can offer telematics enabled GasBuddy customers a "one click to bind" experience with an expected differentiated price for target customers.

Claims

When we built our claims system from the ground up we began by asking what customers expect from a claims experience. Through market research we came to understand that the single performance indicator with the largest overall effect on customer satisfaction is making the customer feel at ease during the first notice of loss, or FNOL, which we translate into speed and transparency. With this in mind we designed a claims infrastructure to optimize for both speed and risk management. Utilizing our full stack structural advantages we are able to apply technology to highly complex claims challenges. We constantly A/B test and release two back-end updates per day as part of a powerful development cycle.

The claims initiation process begins in-app for 90% of our reported claims. The customer confirms certain policy information, shares details on the incident including whether any bodily injuries occurred and uploads photos with the guidance of the app which directs the customer to specific photo angles that are the most useful.

We immediately begin triaging the claim based on the expected complexity and severity. The claim is then directed to an adjuster with experience in the projected claim evolution.

During the claims process our customers can check on the status of the claim and connect with the adjuster if they so choose. Our average cycle time is 5 days, less than half the industry average of 12 days, with 13% of repairable claims paid within 24 hours for first party physical damage.

Our mobile-first engagement strategy has accustomed our customer base to interacting with us through the mobile app, including within the claims experience. Our customers naturally gravitate to filing and managing claims digitally, consistent with the broader Root experience, whereas many of our competitors have run marketing campaigns and other forms of education to drive utilization of digital filing features, but to date digital filing of claims has not been widespread.

Cycle time improves consumer experience and helps us control loss adjustment costs. Our app based FNOL process enables auto damage appraisers to write estimates from photos, which is less expensive than a field inspection, and we save storage and rental fees due to shorter cycle times.

Our claims adjusters use an internally developed claims workflow which confirms that we capture structured data which contributes to our data advantage when combined with telematics experience and iterated over time. As risk is not only based on the likelihood of an accident but also the circumstances of the accident, we have developed, and continue to invest in, a claims infrastructure designed to capture data that can be effectively integrate into our ensemble of models.

We believe that our customer relationships built on the transparent exchange of data provide a selection benefit with regards to fraud. Specifically, we believe that customers who are willing to share real time information including location and sensor data are less likely to attempt to perpetrate fraud. Even with this positive selection bias we remain vigilant in detecting fraud. We launched a fraud investigation team leveraging telematics data and automatic fraud identification to reduce fraud leakage. Our team utilizes technology and certain third-party data sources such as Carfax to identify and investigate red flags. Over time we will continue to invest in sophisticated accident reconstruction technology. We are also investing in fraud network mapping to identify fraud rings which can include individuals, body shops, medical providers and attorneys.

For the six months ended June 30, 2020, our direct LAE ratio was 9.5%, better than industry average 11.0%. Our advantage is primarily derived from the efficiencies we achieve with a technology-enabled in-house claims team. We are investing heavily in additional technology that will improve the customer experience as well as drive expense efficiencies, including automation.

Historically automation in auto claims has been difficult given the complexity of the process to repair a high value asset as well as address highly complex personal injuries. In 2020 we developed our claims workflow engine, which automates several key steps in the claims process including coverage checks, liability determination, feature opening and dispatching estimate requests. We expect to make meaningful progress towards full automation for lower complexity claims in the near-term and will continue to advance our claims experience through the development of proprietary technology and quick integration of the most advanced third-party technologies.

We manage renters claims through an in-house team and today volumes remain small. Our homeowners claims are managed by our partner, Homesite.

Capital Management

Root operates a "capital-light" business model. Our capital management strategy has three core pillars: (1) prioritize revenue and customer growth without a commensurate increase in regulatory capital requirements; (2) source efficient capital to support customer acquisition costs; and (3) mitigate risk of outsized losses or tail events. Together these strategies serve to maximize returns on shareholder capital.

Reinsurance is a cornerstone of our capital management framework. We have multiple strategic business partnerships with leading global reinsurers who offer us reinsurance solutions on both a proportional (i.e., quota share) and non-proportional (i.e., excess of loss or "XOL" coverage) basis for multi-year periods. We also utilize a wholly-owned, Cayman Islands-based reinsurer, Root Re.

1. Top-Line Growth Without a Commensurate Increase in Regulatory Capital Requirements

At a high level, as an insurer's premium base grows, so do its aggregate capital requirements. This phenomenon is commonly known as "capital drag", and it can be particularly punitive for high growth insurers subject to U.S. regulatory capital requirements. At Root, we utilize a variety of reinsurance solutions, quota share in particular, to manage our net retained premium base within our U.S. statutory entity, Root Insurance Company. This enables us to pursue our top-line growth potential, but manage capital requirements to a more tolerable level as we hold minimal incremental capital against premium we cede to our reinsurance partners.

Net of third-party reinsurance, over the long term we expect this structure to enable us to write at least four dollars of net retained premium for each one dollar of capital held across Root Insurance Company and our wholly-owned, Cayman Islands-based captive reinsurer, Root Re. While our reinsurance activities cede a portion of the profit, we expect the net impact to be highly accretive to us on a return basis as we minimize the amount of shareholder capital required to support our business.

2. Support of Customer Acquisition Costs

When we enter into a quota share reinsurance agreement, it is only for a defined period of time that we share profits associated with our customer base. As we own the customer relationship, it is at our discretion what level of customer profit potential we seek to share via reinsurance arrangements.

In exchange for ceded premium, our reinsurance partners provide significant expense relief via a ceding commission, which we use to help defray customer acquisition costs. Over multiple terms, the aggregate ceding commissions we receive on premium attributable to a given customer will pay for a large portion of that customer's initial acquisition costs. In effect, our reinsurance partners are helping to fund our customer acquisition costs as we grow while we retain the customer relationship and net upside associated with that ownership.

3. Protection from Outsized Losses or Tail Events

Auto insurance is a stable insurance product with consistent and predictable underwriting results. At the same time, as a growth company with a "capital-light" business model, we believe it is prudent to protect against large or unanticipated losses stemming from tail events. To that end, we have partnered with several leading reinsurers to implement a variety of cost-effective XOL coverage programs.

XOL coverage is a form of reinsurance protection whereby we, as the primary insurer, retain the exposure on a policy, or series of policies, up to a certain level of losses, after which the reinsurers will reimburse us. We provide the reinsurers a premium for this coverage; however, the premium levels are typically only a portion of what we would pay for proportional reinsurance coverage. XOL coverage also helps to reduce our capital needs as the regulatory requirement for such capital is driven by capital factors that the XOL coverage directly alleviates.

Our XOL coverage programs provide us with (i) catastrophe protection, (ii) severity protection, and (iii) frequency / aggregate protection. We purchase catastrophe and severity protection against the entirety of our direct earned premium base from a variety of leading global reinsurers. We purchase frequency / aggregate protection against 100% of our net retained premium base from a reinsurance platform that fully collateralizes its potential obligations to us via funding achieved in the insurance-linked security marketplace. In aggregate, we believe these innovative programs provide us with valuable capital and earnings preservation against remote negative scenarios.

Quota Share Reinsurance

Quota share reinsurance is an integral part of our "capital-light" strategy. Under quota share reinsurance we agree to provide a certain percentage of premiums we receive from our customers to the reinsurer in exchange for the reinsurer reimbursing us for approximately the same pro rata percentage of losses. We utilize quota share reinsurance with both third-party reinsurers as well as our wholly-owned Cayman Islands-based reinsurer, Root Re.

1. Third-party Quota Share Reinsurance:

Consistent with our targets, as of July 1, 2020, we quota share approximately 70% of direct earned premiums to third-party reinsurers. This reinsurance program utilizes a sequence of inception and maturity dates, and the majority of the ceded premium is covered on a cohort basis for four year durations. As part of this program we also receive ceding commission from our reinsurers, which help to fund our upfront acquisition costs.

2. Captive Reinsurance (Root Re):

In order to improve our overall capital efficiency and support our "capital-light" model, in 2019 we established a Cayman Islands-based Class B(iii) insurer, or Root Re. Root Re is wholly-owned by Root, Inc. and is a sister company to Root Insurance Company to whom it provides reinsurance support covering both auto and renters products. U.S. insurance regulatory requirements have a target capital and surplus requirement for auto policies such that our ratio of net premiums to capital and surplus does not exceed 3:1; today, our captive reinsurer requirement is 8:1. This means that every dollar of net premiums we cede to Root Re requires less than half as much capital as it would have required in Root Insurance Company.

We also utilize Root Re as a means of reducing risk to market terms for proportional reinsurance as we can increase cession levels to our captive reinsurer if we find market terms unappealing while still achieving significant capital reduction benefits.

Our quota share arrangement with Root Re includes approximately 15% of direct earned premium as of July 1, 2020. We have the ability to scale that arrangement such that Root Re is able to offer a complimentary balance to Root Insurance Company. Currently Root Re and Root Insurance Company each capture approximately 15% of direct earned premium, or 50% each of net earned premium, following third-party reinsurance.

Investments

Our portfolio of investable assets is primarily held in cash, short-term investments, and available-for-sale fixed maturity securities, including U.S. Treasury securities, corporate debt securities, mortgage back securities and other debt obligations. We manage the portfolio in accordance with investment policies and guidelines approved by our board of directors. We have designed our investment policy and guidelines to provide a balance between current yield, conservation of capital, and liquidity requirements of our operations setting guidelines that provide for a well-diversified investment portfolio that is compliant with insurance regulations applicable to the states in which we

operate. For further information, see Note 3, Investments, to the consolidated financial statements included elsewhere in this prospectus.

Competition

The insurance industry in which we operate is highly competitive. Many of our primary competitors have well-established national brands and market similar products. Our competitors include large national insurance companies such as Geico, Progressive and Allstate, as well as up-and-coming companies and new market entrants in the insurtech industry, some of whom also utilize telematics and offer forms of usage-based insurance. Several of these established national insurance companies are larger than us and have significant competitive advantages over us, including increased name recognition, higher financial ratings, greater resources, additional access to capital, and more types of insurance coverage to offer, such as health and life, than we currently do. In particular, many of these competitors offer consumers the ability to purchase multiple other types of insurance coverage and "bundle" them together into one policy and, in certain circumstances, include an umbrella liability policy for additional coverage at competitive prices. Moreover, as we expand into new lines of business and offer additional products, we could face intense competition from traditional insurance companies that are already established in such markets.

Competition is based on many factors, including the reputation and experience of the insurer, coverages offered, pricing and other terms and conditions, customer service, size, and financial strength ratings, among other considerations. We believe we compete favorably across many of these factors, and have developed a platform and business model based on behavioral data collection and machine learning that we believe will be difficult for incumbent insurance providers to emulate.

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as our skills and ingenuity of our employees and the functionality and frequent enhancements to our platform are larger contributors to our success in the marketplace.

As of June 30, 2020, we had 4 non-provisional patent applications pending examination in the United States. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the United States and many other jurisdictions around the world. We also have registered domain names for websites that we use in our business.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. For additional information, see the sections titled "Risk Factors—Risks Related to Our Business—Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand".

Employees

As of June 30, 2020, we had 901 full-time employees. None of our employees is represented by a labor union or covered by collective bargaining agreements. We have not experienced any work stoppages. We consider our relationship with our employees to be good.

Facilities

Our corporate headquarters are located in Columbus, Ohio, and consist of 109,062 square feet under lease agreements that expire in 2024 and 2026. We maintain additional offices in Columbus, Ohio and in Chandler, Arizona. We lease all of our facilities and do not own any real property. We believe our facilities are adequate and

suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

REGULATION

Insurance Regulation

We are subject to insurance regulation in the jurisdictions in which we transact insurance through our licensed insurance carriers and producer subsidiaries. Insurance regulatory authorities have broad administrative powers to regulate all aspects of an insurance carrier or producer's business, including the powers to restrict or revoke licenses to transact business, and to levy fines and monetary penalties against insurers and insurance producers found to be in violation of applicable laws and regulations. Regulations to which our licensed insurance carriers and producer subsidiaries are subject include, but are not limited to:

- prior approval of transactions resulting in a change of "control" (as such term is defined under the Insurance Holding Company System Regulatory Act of Ohio, or the Ohio Holding Company Act);
- approval of policy forms and premiums;
- approval of intercompany service agreements;
- statutory and risk-based capital solvency requirements, including the minimum capital and surplus our regulated insurance subsidiary must maintain;
- establishing minimum reserves that insurance carriers must hold to pay projected insurance claims;
- required participation by our regulated insurance subsidiary in state guaranty funds;
- restrictions on the type and concentration of our regulated insurance subsidiary's investments;
- restrictions on the advertising and marketing of insurance;
- restrictions on the adjustment and settlement of insurance claims;
- restrictions on the use of rebates to induce a policyholder to purchase insurance;
- restrictions on the sale, solicitation and negotiation of insurance;
- restrictions on the sharing of insurance commissions and payment of referral fees;
- prohibitions on the underwriting of insurance on the basis of race, sex, religion and other protected classes;
- restrictions on our ability to use telematics to underwrite and price insurance policies, particularly in California;
- restrictions on the ability of our regulated insurance subsidiary to pay dividends to us or enter into certain related party transactions without prior regulatory approval;
- rules requiring the maintenance of statutory deposits for the benefit of policyholders;
- privacy regulation and data security;
- regulation of corporate governance and risk management;
- periodic examinations of operations, finances, market conduct and claims practices; and
- required periodic financial reporting.

The business of insurance is almost entirely regulated at the state level, and the laws and regulations to which we are subject vary depending on the state. Unless the context otherwise requires, references herein to "state" include any of the 50 states, the District of Columbia and certain U.S. territories. These rules are subject to change as state legislatures and regulatory agencies update their laws and regulations to address real and perceived issues and

concerns. These laws and regulations are also subject to interpretation by courts. NAIC and the National Council of Insurance Legislators, or NCOIL, are the principal organizations tasked with establishing standards and best practices across the various states, the District of Columbia and five U.S. territories, and from time to time promulgate model rules and regulations that often are the basis for insurance rules and regulations adopted by such jurisdictions. We cannot predict precisely whether or when regulatory actions may be taken that could adversely affect us or the operations of our regulated insurance subsidiary. Interpretations of regulations by regulators may change and statutes, regulations and interpretations may be applied with retroactive effect, particularly in areas such as accounting or reserve requirements.

Required Licensing

Our regulated U.S. insurance subsidiary, Root Insurance Company, is domiciled and admitted in the state of Ohio to transact certain lines of property and casualty insurance. In addition to Ohio (the domiciliary state), Root Insurance Company maintains licenses to transact insurance in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington and West Virginia. We have an application pending for a license to transact insurance in Massachusetts.

We also have a reinsurance captive subsidiary, Root Reinsurance Company, Ltd., domiciled in the Cayman Islands.

Our licensed insurance producer subsidiary, Root Insurance Agency, LLC, must maintain an insurance producer license in every state in which it sells, solicits or negotiates insurance. Root Insurance Agency, LLC currently holds a resident insurance producer license in Ohio and a non-resident license in the remaining 49 states and the District of Columbia, except for California, Florida, Massachusetts and New York.

Insurance regulators have broad authority to restrict or revoke licenses of insurance carriers and producers who are found to be in violation of any applicable laws and regulations.

Licensing of Our Employees

Any of our employees who sell, solicit or negotiate insurance must be licensed insurance producers and must fulfill annual continuing education requirements. In certain states in which we operate, insurance claims adjusters are also required to be licensed and fulfill annual continuing education requirements.

Insurance Holding Company Regulation

As the parent company of a wholly-owned regulated insurance subsidiary, we are considered a member of an “insurance holding company system” under the Ohio Holding Company Act. Under the insurance holding company system rules and regulations, Root Insurance Company is required to register with the Ohio DOI and furnish information concerning the operations of companies within the holding company system that may materially affect the operations, management or financial condition of Root Insurance Company.

As the ultimate controlling person in the insurance holding company system, we are required to file an annual enterprise risk report pursuant to the Ohio Holding Company Act. The report discloses, among other things, any material activities or developments that could adversely affect the insurance holding company system. In some states, any person divesting control of an insurer must provide 30 days’ notice to the regulator and the insurer. In addition, most states require insurance holding company systems to make annual corporate governance disclosures.

Under the Ohio Holding Company Act, all inter-affiliate transactions within a holding company system must meet the following conditions: (i) the terms must be fair and reasonable; (ii) charges or fees for services performed must be fair and reasonable; and (iii) expenses incurred and payments received must be allocated to the insurer in conformity with customary insurance accounting practices consistently applied. We generally must disclose any transaction between our regulated insurance subsidiary and our other affiliates to the Ohio DOI and must obtain prior approval from the Ohio DOI before entering into certain material inter-affiliate transactions, including, but not

limited to, management agreements, tax allocation agreements, service contracts, cost-sharing arrangements, extraordinary dividends, certain reinsurance transactions and certain loan agreements.

Change of Control

Pursuant to the Ohio Holding Company Act, a person must seek regulatory approval from the superintendent of the Ohio DOI prior to acquiring direct or indirect "control" of a domestic insurer by filing a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer. As part of this Form A application, the entity acquiring control (as well as any controlling shareholders of such entity) will need to submit, along with other documents and disclosures, its financial statements, organizational charts and biographical affidavits for any officers, directors and controlling shareholders of each applicable entity. Under the Ohio Holding Company Act, the superintendent of the Ohio DOI will grant approval of an application to acquire control of a domestic insurer unless, after a public hearing, the superintendent finds that any of the following apply: (i) after the change of control, the domestic insurer would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed; (ii) the effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in Ohio or tend to create a monopoly; (iii) the financial condition of any acquiring party is such as might jeopardize the financial stability of the domestic insurer, or prejudice the interests of its policyholders; (iv) the plans or proposals that the acquiring party has to liquidate the domestic insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the domestic insurer and not in the public interest; (v) the competence, experience and integrity of the persons that would control the operation of the domestic insurer are such that it would not be in the interest of policyholders of the domestic insurer and of the public to permit the merger or other acquisition of control; or (vi) the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

The Ohio Holding Company Act provides that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of the domestic insurer. A person may rebut this statutory presumption of control by submitting a disclaimer of affiliation with the Ohio DOI, disclosing all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming such affiliation. The state regulators, however, may also find that "control" exists in circumstances in which a person owns or controls less than ten percent of the voting securities of the domestic insurer.

These change of control regulations may dissuade investors from acquiring a controlling stake in our company, including through transactions that some or all of our stockholders might consider to be desirable. Such regulations may also inhibit our ability to acquire an insurance company should we wish to do so in the future. See the section titled "Risk Factors—Risks Related to this Offering and Ownership of Our Class A Common Stock—Applicable insurance laws may make it difficult to effect a change of control".

ORSA

Pursuant to the ORSA Model Act, an insurance company with direct written and unaffiliated assumed premium of more than $500 million or that is part of an insurance group with direct written and unaffiliated assumed premium of more than $1 billion must maintain a risk management framework to assist the insurer with identifying, assessing, monitoring, managing, and reporting on its material and relevant risks. In addition, the insurer must regularly conduct an own risk and solvency assessment in accordance with NAIC's ORSA Guidance Manual. Upon the request of the superintendent of the Ohio DOI, and not more than once a year, the insurer must submit an ORSA summary report, or any combination of reports that together contain the information described in the ORSA Guidance Manual, with respect to the insurer and the insurance group of which it is a member. Root Insurance Company was exempt from these requirements in 2019 since it had direct written and unaffiliated assumed premium of less than $500 million for that year but expects to cross this threshold and become subject to ORSA in 2020.

Restrictions on Paying Dividends

We are a holding company that transacts a majority of its business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders and meet our debt payment obligations depends on the

results of operations of our operating subsidiaries and on the ability of such subsidiaries to provide us with cash, whether in the form of dividends, distributions, loans or otherwise. The payment of any extraordinary dividend by our regulated insurance subsidiary requires the prior approval of the superintendent of the Ohio DOI. "Extraordinary dividend" is defined under the Code as: (i) any dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, exceeds the greater of (a) ten per cent of Root Insurance Company's policyholder surplus as of December 31 of the preceding year, or (b) Root Insurance Company's net income for the twelve-month period ending December 31 of the preceding year or (ii) any dividend or distribution paid by Root Insurance Company from a source other than earned surplus. As of December 31, 2019, Root Insurance Company was not permitted to pay any dividends to us without approval of the superintendent of the Ohio DOI. See the section titled "Risk Factors—Risks Related to Our Business— Failure to maintain our risk-based capital at the required levels could adversely affect our ability to maintain regulatory authority to conduct our business".

In addition, insurance regulators have broad powers to prevent a reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amount calculated under any applicable formula would be permitted. The Ohio DOI may in the future adopt statutory provisions more restrictive than those currently in effect.

Reserves

Root Insurance Company is required to hold admitted assets as reserves to cover projected losses under its policies, in accordance with actuarial principles. In accordance with NAIC's property and casualty statement instructions, Root Insurance Company must submit an annual Statement of Actuarial Opinion from a qualified actuary appointed by the company, certifying that its reserves are reasonable.

Risk-Based Capital

Root Insurance Company is required to maintain minimum levels of risk-based capital to support its overall business operations and minimize the risk of insolvency. State insurance regulators use risk-based capital to set capital requirements, based on the size and degree of risk taken by the insurer, taking into account various risk factors including asset risk, credit risk, underwriting risk, and interest rate risk. As the ratio of an insurer's total adjusted capital and surplus decreases relative to its risk-based capital, the risk-based capital laws provide for increasing levels of regulatory scrutiny and intervention.

Ohio has adopted the model legislation promulgated by the NAIC pertaining to risk-based capital, and requires annual reporting by Ohio-domiciled insurers to confirm that the insurer is meeting its risk-based capital requirements. Ohio-domiciled insurers falling below a risk-based capital threshold may be subject to varying degrees of regulatory action. An insurance company with total adjusted capital that is less than 200% of its authorized control level risk-based capital is at a company action level, which would require the insurance company to file a risk-based capital plan that, among other things, contains proposals of corrective actions the company intends to take that are reasonably expected to result in the elimination of the company action level event. Additional action level events occur when the insurer's total adjusted capital falls below 150%, 100% and 70% of its authorized control level risk-based capital. When total adjusted capital falls below 70%, a mandatory control event is triggered which results in the Ohio DOI placing the insurance company in receivership and assuming control of the operations of the insurer. As of June 2020, Root Insurance Company's risk based capital levels are above any of these regulatory action level thresholds.

Hazardous Financial Conditions

The Ohio DOI has the authority to deem Root Insurance Company to be in a hazardous financial condition such that the insurer's continued operation may be hazardous to its policyholders, creditors, or the general public. A finding of a hazardous condition can be based upon a number of factors, including, but not limited to: (i) adverse findings in a financial, market conduct or other examination; (ii) failure to maintain adequate reserves in accordance with presently accepted actuarial standards of practice; (iii) net loss or negative net income in the last twelve month period or any shorter period of time; (iv) failure to meet financial and holding company filing requirements; (v) insolvencies with a company's reinsurer(s) or within the insurer's insurance holding company system; (vi) a finding

of incompetent or unfit management of the insurer; (vii) a failure to furnish requested information or provide accurate information in relation to a response to an inquiry or filing of a financial statement; and (viii) any other finding determined by the commissioner to be hazardous to the insurer's policyholders, creditors or general public.

If the Ohio DOI finds Root Insurance Company to be in hazardous condition it has the authority, in lieu of placing the insurer into supervision, rehabilitation or liquidation, to enter into a memorandum of understanding with the insurer or issue an order to require the insurer to remedy the hazard. This would include, but is not limited to, ordering the insurer to: (i) increase its capital and surplus, (ii) suspend payments of dividend, (iii) limit or withdraw from certain investments, (iv) correct corporate governance deficiencies and (v) take any other action necessary to cure the hazardous condition.

Periodic Examinations

Root Insurance Company is subject to on-site visits and examinations by the state insurance regulatory authorities. Root Insurance Company is subject to market conduct examinations by insurance regulators, under which the regulator will examine its conduct towards policyholders including, but not limited to, complaint handling, marketing, claims, rate and form filing and customer service. Root is also subject to a financial examination by the Ohio DOI every five years, under which the Ohio DOI will review the company's financials, including its relationships and transactions with affiliates. Root Insurance Company is currently undergoing its first financial examination by the Ohio DOI which will likely not conclude until the second quarter of 2021. In addition, the Ohio DOI may conduct special or targeted examinations to address particular concerns or issues at any time. Insurance regulators of other states in which Root Insurance Company is licensed may also conduct examinations of the company. Root Insurance Company is presently undergoing two insurance department market conduct examinations, one by the Delaware Department of Insurance and the other by the Virginia Department of Insurance. The results of these examinations can give rise to fines and monetary penalties as well as regulatory orders requiring remedial, injunctive or other corrective action.

Statutory Accounting Principles

A licensed insurance carrier's financial statements must be completed in accordance with statutory accounting principles, or SAP. SAP was developed by U.S. insurance regulators as a method of accounting used to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with evaluating an insurer's ability to pay all its current and future obligations to customers. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction.

Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations differ somewhat from GAAP principles, which are designed to measure a business on a going-concern basis. GAAP gives consideration to matching of revenue and expenses and, as a result, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. Other assets such as goodwill are accounted for under GAAP financial statements but not SAP. As a result, the values for assets, liabilities, and equity reflected in financial statements prepared in accordance with GAAP may be different from those reflected in financial statements prepared under SAP.

Credit for Reinsurance

Root Insurance Company is currently party to a number of reinsurance agreements under which it has ceded a portion of the risk it is insuring to various reinsurers. State insurance laws permit U.S. insurance companies, as ceding insurers, to take financial statement credit for reinsurance that is ceded, so long as the assuming reinsurer satisfies the state's credit for reinsurance laws. Once an insurance carrier has received credit for reinsurance it does not need to hold separate admitted assets as reserves to cover claims on the risks that it has ceded to the reinsurer. There are several different ways in which the credit for reinsurance laws may be satisfied by an assuming reinsurer, including being licensed in the state, being accredited in the state, or maintaining certain types of qualifying collateral. We ensure that all of Root Insurance Company's reinsurers qualify for credit for reinsurance so that Root Insurance Company is able to take full financial statement credit for its reinsurance.

Rate Regulation

Most states require personal property and casualty insurers to file rating plans, policy or coverage forms, and other information with the state's regulatory authority. In certain cases, such rating plans, policy forms, or both must be approved prior to use.

We currently have products on file and approved in the following states: Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia and West Virginia.

The speed with which an insurer can change rates in response to competition or increasing costs depends, in part, on whether the rating laws are (i) prior approval, (ii) file-and-use or (iii) use-and-file laws. In states having prior approval laws, the regulator must approve a rate before the insurer may use it. In states having file-and-use laws, the insurer does not have to wait for the regulator's approval to use a rate, but the rate must be filed with the regulatory authority prior to being used. A use-and-file law requires an insurer to file rates within a certain period of time after the insurer begins using them. Eighteen states, including California, have prior approval laws. Under all three types of rating laws, the regulator has the authority to disapprove a rate filing.

An insurer's ability to adjust its rates in response to competition or to changing costs depends on an insurer's ability to demonstrate to the regulator that its rates or proposed rating plan meet the requirements of the rating laws. In those states that significantly restrict an insurer's discretion in selecting the business that it wants to underwrite, an insurer can manage its risk of loss by charging a rate that reflects the cost and expense of providing the insurance. In those states that significantly restrict an insurer's ability to charge a rate that reflects the cost and expense of providing the insurance, the insurer can manage its risk of loss by being more selective in the type of business it underwrites. When a state significantly restricts both underwriting and pricing, it becomes more difficult for an insurer to maintain its profitability.

From time to time, the personal lines insurance industry comes under pressure from state regulators, legislators, and special-interest groups to reduce, freeze, or set rates at levels that do not correspond with our analysis of underlying costs and expenses. In particular, auto insurers have come under increasing pressure and in some states have been required to refund a portion of their premium to their policyholders due to decreasing auto claims arising from the COVID-19 pandemic. Whether this pressure continues to exist depends on the persistence of COVID-19 generally. State regulators may interpret existing law or rely on future legislation or regulations to impose new restrictions that adversely affect profitability or growth. We cannot predict with precision the impact on our business of possible future legislative and regulatory measures regarding insurance rates.

In addition, insurers are restricted in their ability to use telematics-based data to set premium rates in California. Proposition 103, which was passed by referendum in 1988, limits the factors that insurers can use to set auto insurance rates to, in decreasing order of importance: (i) the insured's driving safety record; (ii) the number of miles he or she drives annually; (iii) the number of years of driving experience the insured has had; and (iv) those other factors that the Commissioner of the California Insurance Department may adopt by regulation and that have a substantial relationship to the risk of loss. Under current California regulation, the use of telematics-based data beyond miles driven, including when, where or how the car is driven, is prohibited. We are currently in discussions with the California Department of Insurance to revise its regulations to allow us to use telematics to a greater extent to underwrite and price insurance policies, although we cannot predict the outcome of these discussions, and there can be no assurance that the California Department of Insurance will revise its regulations accordingly, if at all.

Insolvency Funds and Associations, Mandatory Pools, and Insurance Facilities

Most states require admitted property and casualty insurance companies to become members of insolvency funds or associations, which they fund through an annual assessment. These funds cover payments of claims of state policyholders whose admitted insurance carriers have become insolvent. The annual assessments required in any one year will vary from state to state, and are subject to various maximum assessments per line of insurance.

Investment Regulation

Root Insurance Company is subject to Ohio's rules and regulations governing the investment of its assets. Ohio's laws generally require that an insurance company invest in a diverse portfolio, and limit its investments in certain asset categories. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in certain circumstances, we would be required to dispose of those investments.

Trade Practices

Insurance producers are subject to regulation on how they may sell, solicit or negotiate insurance and conduct their business, with state laws prohibiting certain unfair trade practices. Such practices include, but are not limited to, false advertising, making false statements to regulators, unfair discrimination and rebating premium to policyholders above certain de minimis amounts. We set business conduct policies and provides training to make our employee-agents and other customer service personnel aware of these prohibitions and requires them to conduct their activities in compliance with these statutes.

Unfair Claims Practices

Insurance companies, third party administrators and individual claims adjusters are generally prohibited by state statutes from engaging in unfair claims practices. Unfair claims practices include, but are not limited to, misrepresenting pertinent facts or insurance policy provisions, failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies, failing to adopt reasonable standards for the investigation and settlement of a claim and attempting to settle a claim for less than the amount to which a reasonable person would have believed such person was entitled. We set business conduct policies to make claims adjusters aware of these prohibitions and to require them to conduct their activities in compliance with these statutes.

Commission Sharing

Insurance producers cannot share insurance commissions with any person for selling, soliciting or negotiating insurance unless such person holds an insurance producer license in the lines of insurance that are being transacted. Under the insurance laws of most states, there is a limited exception to this prohibition on commission sharing for the payment of referral fees to unlicensed persons, provided that the fee is a flat fee that is not contingent on the purchase of insurance and the referral does not involve the discussion of the terms or conditions of the policy.

Data Privacy

The use of non-public personal information in the insurance industry is subject to regulation under the privacy provisions of the Gramm-Leach Bliley Act and the NAIC Insurance Information and Privacy Act, as adopted and implemented by the various state legislatures and insurance regulators, including through the California Financial Information Privacy Act. Pursuant to these laws and regulations, among other things, an insurance carrier or producer must disclose its privacy policies to all of its applicants and policyholders and must also provide either an opt-in or opt-out, depending on the state, to the sharing of non-public personal information with unaffiliated third parties. Under these rules and regulations, insurance companies and producers must also establish a program of administrative, technical, and physical safeguards designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of customer information, and protect against unauthorized access to or use of customer information that could result in substantial harm or inconvenience to the customers.

We are also subject to the CCPA, which took effect on January 1, 2020. The CCPA gives California residents the right to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed disclosures about how their personal information is used and shared. The CCPA exempts certain information that is collected, processed, sold or disclosed pursuant to the California Financial Information Privacy Act, the Gramm-Leach-Bliley Act or the federal Driver's Privacy Protection Act, which also apply to us. However, the definition of "personal information" in the CCPA is broad and encompasses other information that we process beyond the scope of this exemption.

Cybersecurity

Additionally, in response to the growing threat of cyber-attacks in the insurance industry, certain jurisdictions have begun to consider and adopt new cybersecurity regulations. On October 24, 2017, the NAIC adopted the Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. Alabama, Connecticut, Delaware, Louisiana, Michigan, Mississippi, New Hampshire, Ohio, Indiana, South Carolina and Virginia, have adopted versions of the Insurance Data Security Model Law, each with a different effective date. Root Insurance Company takes steps to comply with financial industry cybersecurity regulations and believes it complies in all material respects with their requirements. Our board of directors oversees cybersecurity risk management and delegates oversight of our information security program to our executive officers and chief information security officer, who is responsible for the day-to-day management of our information security program and provides updates to the audit committee of our board of directors at each of its meetings. Our incident response team, headed by our general counsel, reports material information security incidents to our executive officers, who in turn report them to our board of directors.

Federal Regulation

The regulation of insurance companies is principally a matter of state law, and the federal government does not directly regulate the transaction of insurance. However, federal regulation and initiatives do have an impact on the insurance industry. In particular, the Federal Insurance Office, or FIO, was established within the U.S. Department of the Treasury by the Dodd-Frank Act in July 2010 to monitor and coordinate the regulation of the insurance industry across the United States.

Although the FIO has limited direct regulatory authority over insurance companies or other insurance industry participants, it does represent the United States on prudential aspects of international insurance matters, including at the International Association of Insurance Supervisors, or IAIS. In addition, the FIO serves as an advisory member of the Financial Stability Oversight Council, assists the secretary of the U.S. Department of the Treasury with administration of the Terrorism Risk Insurance Program, monitors trends in the insurance industry and advises the secretary of the U.S. Department of the Treasury on important national and international insurance matters. The FIO has the ability to make a recommendation to the Financial Stability Oversight Council to designate an insurer as “systemically significant,” subjecting the insurer to regulation by the Federal Reserve as a bank holding company, which could lead to higher capital requirements.

In addition, a number of federal laws affect and apply to the insurance industry, including various privacy laws, false advertising laws, anti-money laundering laws, the FCRA, and the economic and trade sanctions implemented by the Office of Foreign Assets Control, or OFAC. OFAC has imposed civil penalties on persons, including insurance and reinsurance companies, arising from violations of its economic sanctions program.

MANAGEMENT

The following table sets forth information for our executive officers and directors as of September 30, 2020:

Name	Age	Position
Executive Officers		
Alexander Timm	32	Co-Founder, Chief Executive Officer and Director
Daniel Rosenthal	45	Chief Financial Officer and Director
Daniel Manges	35	Co-Founder and Chief Technology Officer
Non-Employee Directors		
Elliot Geidt	39	Director
Nancy Kramer	65	Director
Christopher Olsen	41	Director
Nick Shalek	37	Director
Doug Ulman	43	Director

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and governance committee.

Executive Officers

Alexander Timm. Mr. Timm has served as our Co-Founder, Chief Executive Officer and a member of our board of directors since our founding in March 2015. From August 2011 to March 2015, Mr. Timm served in various management roles at Nationwide Mutual Insurance Company, an insurance and financial services company. He holds a Bachelor of Science and Bachelor of Arts in Actuarial Science, Accounting, and Mathematics from Drake University. We believe Mr. Timm is qualified to serve on our board of directors due to his perspective and experience as our Co-Founder and Chief Executive Officer, as well as his experience in the insurance industry.

Daniel Rosenthal. Mr. Rosenthal has served as a member of our board of directors since March 2017 and as our Chief Financial Officer since November 2019. From August 2009 to December 2018, Mr. Rosenthal co-founded and worked at The Milestone Aviation Group, an aviation financing company acquired by GE Capital in 2015. He served as Chairman, President and Chief Executive Officer from 2016 to 2018 and as President from 2009 to 2016. From January 2018 to December 2018, Mr. Rosenthal also served as the Executive Vice President of Financing and Products at GE Capital Aviation Services, a commercial aviation financing and leasing company. He previously held roles at NetJets Inc., a private aviation services company, and Williams & Connolly LLP, a law firm. He holds a Bachelor of Arts in History and International Studies from Yale University and a Juris Doctorate from Duke University School of Law. We believe Mr. Rosenthal is qualified to serve on our board of directors due to his perspective and experience from serving as the Chief Financial Officer and his executive experience at numerous companies.

Daniel Manges. Mr. Manges has served as our Co-Founder and Chief Technology Officer since June 2015. From 2008 to 2012, Mr. Manges was the founding Chief Technical Officer at Braintree, Inc., a mobile and web payment system company, where he also served as an engineer until just prior to its acquisition by PayPal, Inc. in 2013. He holds a Bachelor of Science in Computer Information Systems from DeVry University.

Non-Employee Directors

Elliot Geidt. Mr. Geidt has served as a member of our board of directors since March 2018. Mr. Geidt has been with Redpoint Ventures, a venture capital firm, since 2012 and is a Managing Director. In addition to his role on our board of directors, Mr. Geidt also serves as a director of several private companies. He holds a Bachelor of Arts in Economics from the University of California, Berkeley and a Master of Business Administration from the Stanford

University Graduate School of Business. We believe Mr. Geidt is qualified to serve on our board of directors due to his investment experience and his service as a director at numerous companies.

Nancy Kramer. Ms. Kramer has served as a member of our board of directors since August 2020. Since August 2016, she has served as the Global Chief Evangelist of IBM iX, a digital strategy and marketing services division of IBM. She founded Resource/Ammirati, a marketing and creative agency, in 1981 with Apple Computer as her first client; and served dozens of Fortune 500 companies, until its sale to IBM in 2016. In addition to her role on our board of directors, she has served as a director of M/I Homes, Inc., a home construction company, since 2015. From 2013 to 2015, Ms. Kramer served as a director of Glimcher Realty Trust, a real estate investment trust, until its sale to Washington Prime Group in 2015. She holds a Bachelor of Arts from the Ohio State University. We believe Ms. Kramer is qualified to serve on our board of directors due to her experience in executive management roles and advising venture capital companies as well as her public company director experience.

Christopher Olsen. Mr. Olsen has served as a member of our board of directors since March 2015. Since September 2012, Mr. Olsen has served as the Co-Founder and Partner of Drive Capital, a venture capital firm. From July 2006 to October 2012, Mr. Olsen served as a Partner at Sequoia Capital, a venture capital firm. In addition to his role on our board of directors, Mr. Olsen also serves as a member of the board of several private companies and nonprofits. He holds a Bachelor of Arts in Political Science from Yale University. We believe Mr. Olsen is qualified to serve on our board of directors due to his experience in a wide range of industries, his leadership experience at a venture capital firm, and his service as a director at numerous companies.

Nick Shalek. Mr. Shalek has served as a member of our board of directors since June 2017. Since August 2012, Mr. Shalek has served as a General Partner at Ribbit Capital, a venture capital firm. In addition to his role on our board of directors, Mr. Shalek also serves as a member of the board of several private companies. He holds a Bachelor of Arts in Economics and Political Science from Yale University, a Master of Arts from Stanford University School of Education and a Master of Business Administration from Stanford University Graduate School of Business. We believe Mr. Shalek is qualified to serve on our board of directors due to his experience in the venture capital industry and his experience serving as a director of various private companies.

Doug Ulman. Mr. Ulman has served as a member of our board of directors since December 2016. Since December 2014, Mr. Ulman has served as the President and Chief Executive Officer of Pelotonia LLC, a cancer research nonprofit. He also serves as a Hauser Fellow at Harvard University Kennedy School Center for Public Leadership. From 2008 to December 2014, he served as the President and Chief Executive Officer of The LIVESTRONG Foundation. Mr. Ulman also serves as a member of the board of several private foundations, including the Ulman Foundation and Walk With a Doc. He holds a Bachelor of Arts from Brown University and completed the Executive Program in Leadership at Stanford University. We believe Mr. Ulman is qualified to serve on our board of directors due to his experience in executive leadership roles.

Family Relationships

There are no family relationships among any of our executive officers or directors.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have seven directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect on the completion of this offering, immediately after this offering our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then

expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be , and , and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be , and , and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be and , and their terms will expire at our third annual meeting of stockholders following this offering.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares held by each non-employee director and the transactions described in the section titled "Certain Relationships and Related Party Transactions."

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

Our audit committee consists of , and . Our board of directors has determined that each member of the audit committee satisfies the independence requirements under the listing standards of and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is . Our board of directors has determined that is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment.

The primary purpose of the audit committee is to discharge the responsibilities of our board of directors with respect to our corporate accounting and financial reporting processes, systems of internal control and financial statement audits, and to oversee our independent registered public accounting firm. Specific responsibilities of our audit committee include:

- helping our board of directors oversee our corporate accounting and financial reporting processes;
- managing the selection, engagement, qualifications, independence and performance of a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;

- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing related person transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually that describes our internal quality control procedures, any material issues with such procedures and any steps taken to deal with such issues when required by applicable law; and
- approving or, as permitted, pre-approving, audit and permissible non-audit services to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of .

Compensation Committee

Our compensation committee consists of , and . The chair of our compensation committee is . Our board of directors has determined that each member of the compensation committee is independent under the listing standards of , and a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

The primary purpose of our compensation committee is to discharge the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. Specific responsibilities of our compensation committee include:

- reviewing and recommending to our board of directors the compensation of our chief executive officer and other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity incentive plans and other benefit programs;
- reviewing, adopting, amending and terminating incentive compensation and equity plans, severance agreements, profit sharing plans, bonus plans, change-of-control protections and any other compensatory arrangements for our executive officers and other senior management; and
- reviewing and establishing general policies relating to compensation and benefits of our employees, including our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of .

Nominating and Governance Committee

Our nominating and governance committee consists of and . The chair of our nominating and governance committee is . Our board of directors has determined that each member of the nominating and governance committee is independent under the listing standards of .

Specific responsibilities of our nominating and governance committee include:

- identifying and evaluating candidates, including the nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on our board of directors;

- considering and making recommendations to our board of directors regarding the composition and chairmanship of the committees of our board of directors;
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters; and
- overseeing periodic evaluations of the board of directors' performance, including committees of the board of directors.

Our nominating and governance committee will operate under a written charter, to be effective prior to the completion of this offering that satisfies the applicable listing standards of .

Code of Business Conduct and Ethics

In connection with this offering, our board of directors will adopt a code of ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon the completion of this offering, the full text of our code of business conduct and ethics will be available under the Corporate Governance section of our website at https://joinroot.com. We intend to disclose future amendments to our code of ethics, or any waivers of such code, on our website or in public filings. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently or has been at any time one of our officers or employees. Daniel Rosenthal, our Chief Financial Officer and a member of our board of directors, is the chair of the board of directors of Pelotonia LLC, the nonprofit for which Doug Ulman, a member of our board of directors, serves as President and Chief Executive Officer.

Director Compensation

During 2019, we did not pay any cash or other compensation to any of our non-employee directors for service on our board of directors.

On January 18, 2017, Doug Ulman, a member of our board of directors, was granted an option to purchase 1,000,000 shares of our Class B common stock, which he partially exercised for 291,660 shares in January 2018. As of December 31, 2019, Mr. Ulman held an option to purchase up to 708,340 shares of our Class B common stock.

EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2019, consisting of our principal executive officer and the next two most highly compensated executive officers, were:

- Alexander Timm, our Chief Executive Officer;
- Daniel Rosenthal, our Chief Financial Officer; and
- Daniel Manges, our Chief Technology Officer.

Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers during the fiscal year ended December 31, 2019.

The 2019 compensation information of our named executive officers is in the process of being finalized and will be added to the registration statement in a pre-effective amendment.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Alexander Timm								
Chief Executive Officer	2019	298,333	100,500	—	—	—	—	398,833
Daniel Rosenthal								
Chief Financial Officer	2019	168,750	100,000	—	4,847,561	—	—	5,116,311
Daniel Manges								
Chief Technology Officer	2019	250,000	60,000	—	—	—	—	310,000

(1) The amount disclosed represents the aggregate grant date fair value of stock awards and stock options granted to our named executive officers during 2019 under our 2015 Plan, computed in accordance with ASC Topic 718. Such aggregate grant date fair values do not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock awards and stock options are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.

Agreements with Our Named Executive Officers

Prior to the completion of this offering, we will enter into revised employment offer letters with each of our named executive officers setting forth the terms and conditions of such executive's employment with us. The employment offer letters generally will provide for at-will employment and set forth the executive officer's initial base salary. In addition, prior to the completion of this offering we will enter into severance agreements with each of our named executive officers. Each of our named executive officers has executed our standard proprietary information and inventions agreement.

Alexander Timm

Prior to the completion of this offering, we will enter into an offer letter with Mr. Timm. Pursuant to the offer letter, Mr. Timm's base salary will be $ per year. Mr. Timm's employment is at will and may be terminated at any time, with or without cause.

Daniel Rosenthal

We entered into an initial offer letter with Mr. Rosenthal, our Chief Financial Officer, dated July 16, 2019, which sets forth the initial terms and conditions of his employment with us. Prior to the completion of this offering, we will enter into a new offer letter with Mr. Rosenthal, which will replace and supersede Mr. Rosenthal's prior offer letter. Pursuant to the new offer letter, Mr. Rosenthal's base salary will be $ per year. Mr. Rosenthal's employment is at will and may be terminated at any time, with or without cause.

Daniel Manges

Prior to the completion of this offering, we will enter into an offer letter with Mr. Manges. Pursuant to the offer letter, Mr. Manges' base salary will be $ per year. Mr. Manges' employment is at will and may be terminated at any time, with or without cause.

Outstanding Equity Awards at Fiscal Year-End

The following table presents the outstanding equity incentive plan awards held by each named executive officer as of December 31, 2019.

		Option Awards					Stock Awards	
Name	Grant Date	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 Per Share ($)[1]	Option Expiration Date	Number of Shares of Stock that Have Not Vested[2]	Market Value of Shares that Have Not Vested[$][3]
Alexander Timm	8/2/2016	—	—	—	—	—	312,500[4]	
	6/19/2018	—	—	—	—	—	2,610,850[5]	
Daniel Rosenthal	3/30/2017	—	—	—	—	—	156,250[6]	
	7/18/2019	659,909[7]	—	—	$2.400	07/18/2029	350,000[8]	
	7/18/2019	—	—	1,009,908[9]	$2.400	07/18/2029	—	
Daniel Manges	6/19/2018	—	—	—	—	—	1,716,395[10]	

(1) All of the option awards were granted with a per share exercise price equal to the fair market value of one share of our common stock on the date of grant, as determined in good faith by our board of directors or compensation committee.
(2) The shares in this column represent shares of restricted stock issued upon the early exercise of stock options, in each case that remained unvested as of December 31, 2019. We have a right to repurchase any unvested shares subject to each such award if the holder of the award ceases to provide services to us prior to the date on which all shares subject to the award have vested in accordance with the applicable vesting schedule described in the footnotes below.
(3) The market price for our common stock is based on an assumed initial public offering price of our Class A common stock of $ per share.
(4) These restricted shares were issued in connection with the early exercise of stock options, which vest over four years, with 25% of the shares vesting on June 17, 2017 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual's continued service through each vesting date.
(5) These restricted shares were issued in connection with the early exercise of stock options, which vest over six years, with one-seventy-second of the shares vesting in equal monthly installments, with the first monthly vesting date occurring on July 17, 2020, contingent upon achieving certain milestones, which have been met, and subject to the individual's continued service through each vesting date.
(6) These restricted shares were issued in connection with the early exercise of stock options, which vest over four years, with 25% of the shares vesting on March 30, 2018 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual's continued service through each vesting date.
(7) One-fourth of the shares subject to the option award vested on July 17, 2020, and thereafter one-forty-eighth of the shares subject to the option award vest monthly, subject to continuous service with us.
(8) These restricted shares were issued in connection with the early exercise of stock options, which vest over four years, with 25% of the shares vesting on July 17, 2020 and the balance vesting in equal monthly installments over the remaining three years, subject to the individual's continued service through each vesting date.
(9) One-fourth of the shares subject to the option award shall vest on the date of the achievement of each of the four performance targets included in Mr. Rosenthal's initial offer letter, in each case, subject to continuous service with us.
(10) These restricted shares were issued in connection with the early exercise of stock options, which vest over six years, with one-seventy-second of the shares vesting in equal monthly installments, with the first monthly vesting date occurring on December 1, 2019, contingent upon achieving certain milestones, which have been met, and subject to continuous service with us.

Other Compensation and Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We pay the premiums for the life, disability, accidental

death and dismemberment insurance for all of our employees, including our named executive officers. We generally do not provide perquisites or personal benefits to our named executive officers.

We maintain a 401(k) plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to defer eligible compensation up to certain Code limits, which are updated annually. We have the ability to make matching and discretionary contributions to the 401(k) plan. Currently, we make contributions of 3% of the employee's contributions. The 401(k) plan is intended to be qualified under Section 401(a) of the Code, with the related trust intended to be tax exempt under Section 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan are deductible by us when made, and contributions and earnings on those amounts are not generally taxable to the employees until withdrawn or distributed from the 401(k) plan.

Our named executive officers did not participate in, or earn any benefits under, a nonqualified deferred compensation plan sponsored by us during the fiscal year ended December 31, 2019. Our board of directors may elect to provide our officers and other employees with nonqualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Our named executive officers did not participate in, or otherwise receive any benefits under, any pension or retirement plan sponsored by us during 2019, other than the 401(k) plan.

Employee Benefit and Stock Plans

Our board of directors intends to adopt the 2020 Plan, that will become effective in connection with the execution and delivery of the underwriting agreement related to this offering, and such 2020 Plan will supersede and replace our Amended and Restated 2015 Equity Incentive Plan, or the 2015 Plan. The description set forth below reflects the 2015 Plan, as currently in effect. After the 2020 Plan becomes effective, no further stock awards will be granted under the 2015 Plan.

Amended and Restated 2015 Equity Incentive Plan

In March 2015, the board of directors of Root, Inc. adopted, and its stockholders approved, the 2015 Plan. In August 2019, our board of directors adopted the 2015 Plan and assumed the outstanding obligations thereunder, such that each outstanding option to purchase shares of the common stock of Root, Inc. was converted into an option to purchase an equal number of shares of our Class B common stock subject to the same terms and conditions set forth in the 2015 Plan. The 2015 Plan has been periodically amended, most recently in January 2020. As of June 30, 2020, there were 5,456,036 shares of Class B common stock remaining available for the future grant of stock awards under our 2015 Plan. As of June 30, 2020, stock options covering 11,958,503 shares of our Class B common stock were outstanding and RSUs covering 84,051 shares of Class B common stock were outstanding and subject to vesting and our repurchase right under the 2015 Plan. We expect that any shares remaining available for issuance under the 2015 Plan at the time of this offering will become available for issuance under the 2020 Plan.

Stock Awards. Our 2015 Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Internal Revenue Code, or Code, to our employees or certain of our subsidiary companies, and for the grant of nonstatutory stock options, or NSOs, restricted stock awards or restricted stock units to such employees, our directors and to consultants engaged by us or any of our subsidiary companies.

Authorized Shares. Subject to certain capitalization adjustments, the aggregate number of shares of Class B common stock that may be issued pursuant to stock awards under the 2015 Plan will not exceed 45,369,941 shares.

Shares subject to stock awards granted under our 2015 Plan that expire, become unexercisable or are cancelled, forfeited to or repurchased by us due to the failure to vest, or otherwise terminated without having been exercised or settled in full shall revert to and again become available for issuance under the 2015 Plan.

Plan Administration. Our board of directors administers and interprets the provisions of the 2015 Plan. The board of directors may delegate its authority to a committee of the board and has delegated authority to the compensation committee of the board, referred to as the "plan administrator" herein. The plan administrator may additionally delegate authority to an officer who is also a member of the board of directors to make grants under the 2015 Plan. Under our 2015 Plan, the plan administrator has the authority to, among other things, determine award recipients, the numbers and types of stock awards to be granted, the applicable fair market value and the provisions of each stock award, including the period of their exercisability and the vesting schedule applicable to a stock award; construe and interpret the 2015 Plan and awards granted thereunder; prescribe, amend and rescind rules and regulations for the administration of the 2015 Plan; and accelerate the vesting of awards.

Under the 2015 Plan, the plan administrator also has the authority, with participant consent, to issue new awards in exchange for the surrender and cancellation of any or all outstanding awards. The plan administrator may at any time buy an award from a participant with payment in cash, shares of common stock (including restricted stock) or other consideration, based on such terms and conditions as the plan administrator and participant may agree upon.

Stock Options. ISOs and NSOs are granted under share option agreements and option rules adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2015 Plan, provided that the exercise price of a stock option generally will not be less than 85% of the fair market value of our common stock on the date of grant (nor less than 100% of the fair market value for ISOs, nor less than 110% of the fair market value for 10% stockholders as required by the Code). Options granted under the 2015 Plan vest at the rate specified in the share option agreements and option rules as determined by the plan administrator.

Restricted Stock Unit Awards. The plan administrator determines the terms and conditions of restricted stock unit awards, including vesting and forfeiture terms. The only restricted stock unit award that we have issued to date vests upon the satisfaction of both time-based and liquidity event vesting conditions. The time-based requirement vests over a four-year period, subject to continuous service as of each vesting date. The liquidity event requirement is satisfied on the earlier of: (1) the six month anniversary of or, if earlier, March 15 of the year following an initial public offering or a direct listing or (2) the consummation of a change in control, in each case prior to a stipulated expiration date. Each restricted stock unit granted pursuant to the award will vest on the first date upon which both the time-based and liquidity event requirements are satisfied with respect to such unit.

Restricted Shares. Restricted shares may be awarded in consideration for cash or cash equivalents or another form of consideration, including past services, as determined by our plan administrator. Restricted shares may also be issued upon an optionholders' exercise of an unvested option, or an early exercise. The plan administrator determines the terms and conditions of restricted shares, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right. Restricted shares acquired upon early exercise of a stock option are generally subject to our right to repurchase such shares upon the holder's termination of service with us for any reason, at the price paid for such shares.

Changes to Capital Structure. In the event of any stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in our capital structure, the plan administrator will adjust the number of shares that may be delivered under the 2015 Plan and the number and price of shares covered by each outstanding award.

Corporate Transactions. In the event of (i) our dissolution or liquidation or (ii) an "Acquisition," as defined in the 2015 Plan, outstanding awards may be assumed, converted or replaced by the successor or acquiring corporation (if any). In the alternative, the successor or acquiring corporation may substitute equivalent awards or provide substantially similar consideration to participants as was provided to our stockholders. The successor or acquiring corporation may also substitute awards by issuing substantially similar shares or other property subject to repurchase restrictions and other provisions no less favorable to the Participant than those which applied immediately prior to the transaction. In the event such successor or acquiring corporation (if any) does

not assume, convert, replace or substitute awards, then the vesting of such awards will accelerate and options will become exercisable in full prior to the consummation of such event, and if such options are not exercised prior to the consummation of the corporate transaction, they will terminate.

Plan Amendment or Termination. The board may at any time amend, alter, suspend or terminate the 2015 Plan. Certain amendments, alterations, or the suspension or discontinuance of the 2015 Plan may require the written consent of holders of outstanding awards. Certain material amendments also require the approval of our stockholders. As discussed above, we will terminate our 2015 Plan prior to the closing of this offering and no new awards will be granted thereunder following such termination.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our Class A common stock or Class B common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information subject to compliance with the terms of our insider trading policy. Prior to 180 days after the date of this offering, subject to early termination, the sale of any shares under such plan would be subject to the lock-up agreement that the director or executive officer has entered into with the underwriters.

Limitations of Liability and Indemnification Matters

On the completion of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect on the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect on the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and

indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Series E Preferred Stock Financing

In September 2019, we sold an aggregate of 21,224,214 shares of our Series E redeemable convertible preferred stock at a purchase price of $16.4906 per share to a total of fourteen accredited investors for an aggregate purchase price of approximately $350.0 million, and issued 1,284,653 shares of our Series E-1 redeemable convertible preferred stock to one accredited investor upon conversion of a simple agreement for future equity in the aggregate amount of $10.0 million. None of the purchasers of our Series E-1 redeemable convertible preferred stock were related persons. The following table summarizes purchases of our Series E redeemable convertible preferred stock by related persons:

Stockholder	Shares of Series E Redeemable Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Ribbit Capital[1]	4,548,046	$ 75,000,007
Entities affiliated with Drive Capital[2]	3,032,030	$ 49,999,994
Entities affiliated with Tiger Global[3]	606,406	$ 9,999,999
Entities affiliated with Redpoint Ventures[4]	303,203	$ 4,999,999

(1) Entities associated with Ribbit Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Ribbit Capital IV, L.P., for itself and as nominee for Ribbit Founder Fund IV, L.P., and RT-E Ribbit Opportunity IV, LLC. Nick Shalek, a member of our board of directors, is a General Partner at Ribbit Capital.

(2) Entities associated with Drive Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Drive Capital Overdrive Fund I, L.P., Drive Capital Overdrive Fund I (TE), L.P. and Drive Overdrive Ignition Fund I, L.P. Christopher Olsen, a member of our board of directors, is a Partner at Drive Capital.

(3) Entities associated with Tiger Global holding our securities whose shares are aggregated for purposes of reporting share ownership information are Tiger Global Private Investment Partners XI, L.P. and Alex Cook.

(4) Entities associated with Redpoint Ventures holding our securities whose shares are aggregated for purposes of reporting share ownership information are Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC. Elliot Geidt, a member of our board of directors, is a Managing Director at Redpoint Ventures.

Series D Preferred Stock Financing

In November 2018, we sold an aggregate of 19,339,702 shares of our Series D redeemable convertible preferred stock to a total of seven accredited investors at a purchase price of $5.17071 per share for an aggregate purchase price of approximately $100.0 million. The following table summarizes purchases of our Series D redeemable convertible preferred stock by related persons:

Stockholder	Shares of Series D Redeemable Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Redpoint Ventures(1)	966,985	$ 4,999,999
Ribbit Capital IV, L.P., for itself and as nominee for Ribbit Founder Fund IV, L.P.(2)	870,286	$ 4,499,997

(1) Entities associated with Redpoint Ventures holding our securities whose shares are aggregated for purposes of reporting share ownership information are Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC. Elliot Geidt, a member of our board of directors, is a Managing Director at Redpoint Ventures.
(2) Nick Shalek, a member of our board of directors, is a General Partner at Ribbit Capital.

Series C Preferred Stock Financing

In March 2018, we sold an aggregate of 32,265,400 shares of our Series C-1 redeemable convertible preferred stock and 3,100,630 shares of our Series C-2 redeemable convertible preferred stock to a total of eight accredited investors at a purchase price of $1.44206 per share for an aggregate purchase price of approximately $51.0 million. The following table summarizes purchases of our Series C redeemable convertible preferred stock by related persons:

Stockholder	Shares of Series C-1 Redeemable Convertible Preferred Stock	Shares of Series C-2 Redeemable Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Redpoint Ventures(1)	13,869,030	—	$ 19,999,973
Ribbit Capital IV, L.P., for itself and as nominee for Ribbit Founder Fund IV, L.P.(3)	8,321,420	—	$ 11,999,987
Entities affiliated with SVB Financial Group(2)	4,180,610	3,100,630	$ 10,499,985

(1) Entities associated with Redpoint Ventures holding our securities whose shares are aggregated for purposes of reporting share ownership information are Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC. Elliot Geidt, a member of our board of directors, is a Managing Director at Redpoint Ventures.
(2) Entities affiliated with SVB Financial Group holding our securities whose shares are aggregated for purposes of reporting share ownership information are Capital Partners III, L.P., Venture Overage Fund, L.P., SVB Financial Group.
(3) Nick Shalek, a member of our board of directors, is a General Partner at Ribbit Capital.

Third-Party Tender Offers

In January 2020, we entered into an investment agreement with HH SUM-XVII Holdings Limited, an affiliate of Hillhouse Capital Group, pursuant to which we agreed to waive certain transfer restrictions in connection with, and assist in the administration of, a tender offer that the investor proposed to commence. In January 2020, HH SUM-XVII Holdings Limited commenced a tender offer to purchase shares of our capital stock from certain of our stockholders at a price of $16.4906 per share, less transaction costs, pursuant to an offer to purchase to which we were not a party. An aggregate of approximately 2,900,000 shares of our capital stock were tendered pursuant to the tender offer for an aggregate purchase price of approximately $47.7 million.

Alexander Timm, our Chief Executive Officer, Daniel Rosenthal, our Chief Financial Officer, and Doug Ulman each of whom is a member of our board of directors, and Daniel Manges, our Chief Technology Officer, who is one of our other executive officers, and certain other of our employees sold shares of our capital stock in the tender offer.

In January 2019, we entered into a Participation Agreement with Tiger Global Private Investment Partners XI, L.P., an affiliate of Tiger Global Management, LFX Capital L.L.C., and Alex Cook, pursuant to which we agreed to waive certain transfer restrictions in connection with, and assist in the administration of, a tender offer that such investors proposed to commence. In January 2019, these investors commenced a tender offer to purchase shares of our capital stock from certain of our stockholders at a price of $7.76 per share, less transaction costs, pursuant to an offer to purchase to which we were not a party. An aggregate of approximately 2,100,000 shares of our capital stock were tendered pursuant to the tender offer for an aggregate purchase price of approximately $16.0 million. Tiger Global Investment Partners XI, L.P. is a beneficial holder of more than 5% of our outstanding capital stock.

Alexander Timm, our Chief Executive Officer and director, and Daniel Manges, our Chief Technology Officer, who are two of our executive officers, and certain other of our employees sold shares of our capital stock in the tender offer.

Silicon Valley Bank Warrants

In July 2016, we issued to Silicon Valley Bank, or SVB, an affiliate of SVB Financial Group, a warrant to purchase 500,000 shares of our Series A-3 redeemable convertible preferred stock at an exercise price of $0.28714 per share in connection with a loan and security agreement with SVB. In December 2017, we issued to SVB a warrant to purchase 97,960 shares of our Series B redeemable convertible preferred stock at an exercise price of $0.81141 per share in connection with the amendment of a loan and security agreement with SVB.

Investors' Rights Agreement

We are party to an amended and restated investors' rights agreement, or IRA, with certain holders of our capital stock, including entities affiliated with SVB Financial Group, entities affiliated with Drive Capital, entities affiliated with Tiger Global, entities affiliated with Ribbit Capital and entities affiliated with Redpoint Ventures, as well as other holders of our redeemable convertible preferred stock. The IRA provides the holders of our redeemable convertible preferred stock with certain registration rights, including the right to demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. The IRA also provides these stockholders with information rights, which will terminate on the completion of this offering, and a right of first refusal with regard to certain issuances of our capital stock, which will not apply to, and will terminate on, the completion of, this offering. In connection with this offering, the holders of up to shares of our Class B common stock issuable on conversion of outstanding redeemable convertible preferred stock and exercise of certain warrants, are entitled to, and the necessary percentage of holders waived, their rights with respect to the registration of their shares under the Securities Act under this agreement. For a description of these registration rights, see the section titled "Description of Capital Stock—Registration Rights".

Right of First Refusal

Pursuant to our equity compensation plans and certain agreements with our stockholders, including a right of first refusal and co-sale agreement with certain holders of our capital stock, including Alexander Timm, Daniel Manges, entities affiliated with SVB Financial Group, entities affiliated with Drive Capital, entities affiliated with Tiger Global, entities affiliated with Ribbit Capital and entities affiliated with Redpoint Ventures, we or our assignees have a right to purchase shares of our capital stock which stockholders propose to sell to other parties. This right will terminate upon the completion of this offering.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect on the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us

to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations of Liability and Indemnification Matters”.

Employment Agreements

We have entered into employment agreements with our executive officers. For more information regarding employment agreements with our named executive officers, see the section titled “Executive Compensation—Employment Agreements”.

Loans to Executive Officers

In July 2018, we entered into partial recourse promissory notes with each of Alexander Timm, our Chief Executive Officer and director, and Daniel Manges, our Chief Technology Officer, in the aggregate principal amounts of $1.8 million and $1.2 million, respectively, and each with a 2.87% annual interest rate that compounded annually. In October 2020, we forgave all of the principal and interest under these notes, and agreed to pay Messrs. Timm and Manges a bonus to offset the tax consequences associated with the loan forgiveness.

Policies and Procedures for Related Person Transactions

Prior to the completion of this offering, our board of directors will adopt a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person were or will be participants and the amount involved exceeds $120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction, management’s recommendation with respect to the proposed related person transaction, and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our capital stock as of August 31, 2020, and as adjusted to reflect the sale of our Class A common stock offered by us in this offering assuming no exercise of the underwriters' option to purchase additional shares, for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person or group of affiliated persons known by us to beneficially own more than 5% of our Class A common stock and Class B common stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on no shares of Class A common stock and 204,110,785 shares of Class B common stock outstanding as of August 31, 2020, assuming (i) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into an equal number of shares of Class B common stock upon the closing of this offering and (ii) no exercise of the warrant to purchase 2,778,608 shares of our Class B common stock. Applicable percentage ownership after the offering is based on shares of Class A common stock and shares of Class B common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock and excluding any potential purchases in this offering by the persons and entities named in the table below. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable within 60 days of August 31, 2020. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o Root, Inc., 80 E. Rich Street, Suite 500, Columbus, OH 43215.

	Shares Beneficially Owned Prior to Offering					Shares Beneficially Owned After Offering				
	Class A Common Stock		Class B Common Stock		% of Total Voting Power Before the Offering	Class A Common Stock		Class B Common Stock		% of Total Voting Power After the Offering[1]
Name of Beneficial Owner	Shares	%	Shares	%		Shares	%	Shares	%	
5% Stockholders										
Entities affiliated with Drive Capital[2]	—	*	54,210,440	26.6 %	26.6 %					
Entities affiliated with Ribbit Capital[3]	—	*	33,732,382	16.5 %	16.5 %					
Entities affiliated with Tiger Global[4]	—	*	21,007,141	10.3 %	10.3 %					
Entities affiliated with SVB Financial Group[5]	—	*	16,258,740	7.9 %	7.9 %					
Entities affiliated with Redpoint Ventures[6]	—	*	15,139,218	7.4 %	7.4 %					
Directors and Named Executive Officers										
Alexander Timm[7]	—	*	19,209,353	9.4 %	9.4 %					
Daniel Rosenthal[8]	—	*	2,468,255	1.2 %	1.2 %					
Daniel Manges[9]	—	*	12,807,969	6.3 %	6.3 %					
Elliot Geidt[6]	—	*	15,139,218	7.4 %	7.4 %					
Nancy Kramer	—	*	75,000	*	*					
Christopher Olsen[2]	—	*	54,210,440	26.6 %	26.6 %					
Nick Shalek[3]	—	*	33,732,382	16.5 %	16.5 %					
Doug Ulman[10]	—	*	881,251	*	*					
All directors and executive officers as a group[11] (8 persons)	—	*	138,523,868	67.1 %	67.1 %					

* Represents beneficial ownership of less than 1%.

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. See the section titled "Description of Capital Stock—Class A Common Stock and Class B Common Stock" for additional information about the voting rights of our Class A common stock and Class B common stock.

(2) Consists of (a) 51,178,410 shares of Class B common stock held by DC I Investment LLC, or DC I, and (b)(i) 978,891 shares of Class B common stock held by Drive Capital Overdrive Fund I (TE), L.P., or DC Overdrive (TE), (ii) 2,024,456 shares of Class B common stock held by Drive Capital Overdrive Fund I, L.P., or DC Overdrive, and (iii) 28,683 shares of Class B common stock held by Drive Capital Overdrive Ignition Fund I, L.P., or DC Overdrive Ignition, or collectively, the Overdrive Funds. Drive Capital Fund I, L.P., or Fund I, is the majority member of DC I, and Drive Capital I (GP), LLC, or GP LLC, serves as the general partner of Fund I. An investment committee of GP LLC comprised of Christopher Olsen and Mark D. Kvamme controls all voting and investment decisions with respect to Fund I; however, with respect to the shares held by DC I, Christopher Olsen controls all voting and investment decisions pursuant to irrevocable proxy granted by Mark D. Kvamme. Drive Capital Overdrive I (GP), LLC, or GP Overdrive LLC, serves as the general partner of the Overdrive Funds. An investment committee of GP Overdrive LLC comprised of Christopher Olsen and Mark D. Kvamme controls all voting and investment decisions with respect to the Overdrive Funds, including with respect to the shares held by the Overdrive Funds. Christopher Olsen and Mark D. Kvamme control other voting matters related to GP Overdrive LLC through control of its manager, Drive Capital, LLC. The address of each of these entities is 629 N. High St 6th Fl, Columbus, Ohio 43215.

(3) Consists of (i) 29,487,539 shares of Class B common stock held by Ribbit Capital IV, L.P,. for itself and as nominee for Ribbit Founder Fund IV, L.P., or Ribbit Capital IV, and (ii) 4,244,843 shares of Class B common stock held by RT-E Ribbit Opportunity IV, LLC, or Ribbit RT-E. Meyer Malka is the sole director of Ribbit Capital GP IV, Ltd., which is the general partner of Ribbit Capital GP VI, L.P., which is both the general partner of Ribbit Capital IV and the managing member of Ribbit RT-E, and as such, Mr. Malka may be deemed to hold voting and investment power with respect to the shares held by Ribbit Capital IV and Ribbit RT-E. The principal office address of each of these entities is 364 University Avenue, Palo Alto, California 94301.

(4) Consists of 21,007,141 shares of Class B common stock held by Tiger Global Private Investment Partners XI, L.P., or Tiger Global PIP XI, and an affiliate of Tiger Global Management, LLC, or Tiger Global. Tiger Global is the investment advisor of Tiger PIP XI and is controlled by Chase Coleman and Scott Shleifer, and as such Messrs. Coleman and Shleifer may be deemed to beneficially own the shares held by these entities. Such parties have granted a proxy to Alexander Timm, our chief executive officer, with respect to any shares

exceeding the minimum voting power deemed to constitute control under the applicable insurance laws and regulations of our state of domicile. The address for each of these entities and individuals is c/o Tiger Global Management, LLC, 9 West 57th Street, 35th Floor, New York, New York 10019.

(5) Consists of (i) 12,540,250 shares of Class B common stock held by Capital Partners III, L.P., (ii) 3,120,530 shares of Class B common stock held by Venture Overage Fund, L.P. and (iii) 597,960 shares of Class B common stock issuable to SVB Financial Group pursuant to warrants exercisable within 60 days of June 30, 2020. SVB Financial Group is the managing member of SVB Capital Partners III, LLC, the general partner of Capital Partners III, L.P. and is also the managing member of SVB Capital Venture Overage, LLC, which is general partner of Venture Overage Fund, L.P. SVB Financial Group is a reporting company listed on the Nasdaq Global Select Market. Certain employees of Silicon Valley Bank, a wholly-owned subsidiary of SVB Financial Group, have voting and dispositive power over the shares held by Capital Partners III, L.P., Venture Overage Fund, L.P. and SVB Financial Group. Capital Partners III, L.P., Venture Overage Fund, L.P. and SVB Financial Group are affiliates of two broker dealers. At the time of issuance, each of Capital Partners III, L.P., Venture Overage Fund, L.P. and SVB Financial Group represented to us that each entity acquired the securities as the result of an investment, in the ordinary course of business and, at the time of the receipt of shares, had no agreements or understandings, directly or indirectly, with any person to distribute the shares. The address of SVB Financial Group's headquarters is 3003 Tasman Drive, Santa Clara, California 95054. The address of Capital Partners III, L.P. and Venture Overage Fund, L.P. is 770 Sand Hill Road, Menlo Park, California 94025.

(6) Consists of shares of (i) 14,685,053 shares of Class B common stock held by Redpoint Omega II, L.P., or RO II, and (ii) 454,165 shares of Class B common stock held by Redpoint Omega Associates II, LLC, or ROA II. Redpoint Omega II, LLC, or RO II LLC, is the sole general partner of RO II. Voting and dispositive decisions with respect to the shares held by RO II and ROA II are made by the following members of RO II LLC and ROA II: W. Allen Beasley, Jeffrey D. Brody, Satish Dharmaraj, R. Thomas Dyal, Elliot Geidt, Timothy M. Haley, Christopher B. Moore, Scott C. Raney, John L. Walecka and Geoffrey Y. Yang. The address for the entities affiliated with Redpoint is 3000 Sand Hill Road, Building 2, Suite 290, Menlo Park, CA 94025.

(7) Consists of 19,209,354 shares of Class B common stock held by Alexander Timm, of which 2,538,335 shares may be repurchased by us at the original purchase price as of August 31, 2020. Subsequent to August 31, 2020, Mr. Timm transferred 1,920,935 of such shares to the Timm 2020 GRAT and 194,250 of such shares to the Timm Descendants Trust, each of which is a trust for the benefit of Mr. Timm and his immediate family.

(8) Consists of (i) 954,291 shares of Class B common stock held by Daniel Rosenthal, of which 305,354 shares may be repurchased by us at the original purchase price as of August 31, 2020, and (ii) 1,513,964 shares of Class B common stock issuable to Daniel Rosenthal pursuant to options exercisable within 60 days of August 31, 2020, none of which are vested as of such date.

(9) Consists of (i) 1,740,572 shares of Class B common stock held by Daniel Manges, of which 1,523,001 may be repurchased by us at the original purchase price as of August 31, 2020, and (ii) 11,067,397 shares of Class B common stock held by the Manges Trust dated January 27, 2016.

(10) Consists of (i) 172,911 shares of Class B common stock held by Doug Ulman, and (ii) 708,340 shares of Class B common stock issuable to Doug Ulman pursuant to options exercisable within 60 days of August 31, 2020, all of which are vested as of such date.

(11) Consists of (i) 136,226,564 shares of Class B common stock beneficially owned by our current executive officers and directors, of which 4,366,590 may be repurchased by us at the original purchase price as of August 31, 2020, and (ii) 2,297,304 shares of Class B common stock issuable pursuant to options exercisable within 60 days of August 31, 2020, of which 708,340 shares are vested as of such date.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our capital stock and some of the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which will each become effective upon the completion of this offering, the investors' rights agreement and relevant provisions of Delaware General Corporation Law. The descriptions herein are qualified in their entirety by our amended and restated certificate of incorporation, amended and restated bylaws and investors' rights agreement, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of Delaware General Corporation Law.

Upon the completion of this offering, our amended and restated certificate of incorporation will provide for two classes of common stock: Class A common stock and Class B common stock. In addition, our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Upon the closing of this offering, our authorized capital stock will consist of shares, all with a par value of $0.0001 per share, of which:

- shares are designated as Class A common stock;
- shares are designated as Class B common stock; and
- shares are designated as preferred stock.

As of June 30, 2020, we had outstanding:

- no shares of Class A common stock; and
- shares of Class B common stock, which assumes the automatic conversion of 161,781,094 outstanding shares of redeemable convertible preferred stock into the same number of shares of Class B common stock, which will occur immediately prior to the completion of this offering.

Our outstanding capital stock was held by 127 stockholders of record as of June 30, 2020. All authorized but unissued shares of our capital stock will be available for issuance by our board of directors without any further stockholder action, except as required by the listing standards of .

Class A Common Stock and Class B Common Stock

Voting Rights

Holders of Class A common stock will be entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Class B common stock will be entitled to ten votes per share on all matters to be voted upon by the stockholders. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders (including the election of directors), unless otherwise required by Delaware law or our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will not provide for cumulative voting for the election of directors.

Dividend Rights

Holders of Class A common stock and Class B common stock will be entitled to ratably receive dividends if, as, and when declared from time to time by our board of directors at its own discretion out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any. Under Delaware law, we can only pay dividends either out of "surplus" or out of the current or the immediately preceding year's net

profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value.

Applicable insurance laws restrict the ability of our insurance subsidiary to declare stockholder dividends and require insurance companies to maintain specified levels of statutory capital and surplus. Insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amounts calculated under any applicable formula would be permitted. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our insurance subsidiary may in the future adopt statutory provisions more restrictive than those currently in effect.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation, or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Class A common stock and Class B common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Subdivisions and Combinations

If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other classes will be subdivided or combined in the same manner.

Other Matters

Our Class A common stock and Class B common stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock described below. All outstanding shares of our common stock will be fully paid and non-assessable, and the shares of our common stock offered in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and non-assessable.

Conversion

Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. After the completion of this offering, on any transfer of shares of Class B common stock, whether or not for value, each such transferred share will automatically convert into one share of Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation that will be in effect on the completion of this offering, including transfers for tax and estate planning purposes, so long as the transferring holder continues to hold sole voting and dispositive power with respect to the shares transferred.

Any holder's shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon the following: (1) sale or transfer of such share of Class B common stock; (2) the death of the Class B common stockholder; and (3) on the final conversion date, defined as the earliest of (a) after the date on which the outstanding shares of Class B common stock represent less than % of the aggregate number of shares then outstanding of Class A common stock and Class B common stock; (b) the anniversary of this offering, and (c) the date specified by the holders of a majority of then-outstanding shares of Class B common stock, voting together as a single class. For so long as shares of Class B common stock remain outstanding and represent more than 9.1% of the aggregate number of outstanding share of Class A common stock and Class B common stock, the aggregate voting power of the Class B common stock will exceed the aggregate voting power of the Class A common stock.

To calculate pro forma as adjusted net tangible book value per share as described in the section titled "Dilution" above, we divide our pro forma net tangible book value by outstanding Class A and Class B common stock.

Therefore, the conversion of Class B common stock to Class A common stock will not result in additional dilution to new investors. See the section titled "Dilution" for additional information.

Once transferred and converted into Class A common stock, the Class B common stock may not be reissued.

Fully-Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our Class A common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of June 30, 2020, there were 161,781,094 shares of redeemable convertible preferred stock outstanding. Upon the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our Class A common stock or Class B common stock. The issuance of our preferred stock could adversely affect the voting power of holders of our Class B common stock, and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. Upon the closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Options

As of June 30, 2020, we had outstanding options under our equity compensation plans to purchase an aggregate of 11,958,503 shares of our Class B common stock, with a weighted-average exercise price of $1.6785 per share.

Warrants

As of June 30, 2020, we had outstanding (i) one warrant to purchase 2,801,300 shares of our Class B common stock with an exercise price of $0.0001 per share, which will automatically net exercise in connection with the completion of this offering; (ii) one warrant to purchase 97,960 shares of our Series B redeemable convertible preferred stock with an exercise price of $0.81141 per share and (iii) 500,000 shares of our Series A-3 redeemable convertible preferred stock with an exercise price of $0.28714 per share. Upon the closing of this offering, certain of these warrants may remain outstanding.

Each of the above warrants has a net exercise provision under which the holder may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of our common stock at the time of the net exercise of the warrant after deduction of the aggregate exercise price. These warrants also contain provisions for the adjustment of the exercise price and the aggregate number of shares issuable upon the exercise of the warrants in the event of stock dividends, stock splits, reorganizations and reclassifications and consolidations.

Restricted Stock Units

As of June 30, 2020, we had outstanding 84,051 shares of our Class B common stock subject to RSUs under our 2015 Plan. Our outstanding RSUs will generally vest upon the satisfaction of both a time-based condition and a performance-based condition. For the majority of our outstanding RSUs under our 2015 Plan, the time-based condition will be satisfied in sixteen successive equal quarterly installments, with one quarter vesting on the first anniversary of the vesting commencement date, subject to continued service through each such vesting date. The performance-based condition for the RSUs will be satisfied on the earlier of (i) the effective date of the registration statement of which this prospectus forms a part; and (ii) the date of a change in control.

Registration Rights

We are party to an amended and restated investors' rights agreement that provides that certain holders of our redeemable convertible preferred stock, including certain holders of at least 1% of our outstanding capital stock, have certain registration rights as set forth below. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire five years after the closing of this offering, of which this prospectus is a part, or with respect to any particular stockholder, such time after the closing of this offering that such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

The holders of an aggregate of shares of our Class B common stock will be entitled to certain demand registration rights. At any time beginning the 180 days after the completion of this offering, certain holders of these shares may request that we register all or a portion of the registrable shares. We are obligated to effect only two such registrations. Such request for registration must cover shares with an anticipated aggregate offering price, before deduction of underwriting discounts and commissions, of at least $10 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of shares of our Class B common stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a registration relating to (i) any employee benefit plan, (ii) the offer and sale of debt securities or the stock issuable upon conversion thereof, or (iii) any corporate reorganization or transaction under Rule 145 of the Securities Act, including any registration statements related to the issuance or resale of securities issued in such a transaction, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of shares of Class B common stock will be entitled to certain Form S-3 registration rights. The holders of these shares can make a request that we register their shares on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed $1 million. We will not be required to effect more than two registrations on Form S-3 within any 12-month period.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain or will contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Stockholder Meetings

Our amended and restated bylaws will provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors will be divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see the section titled "Management—Board Composition and Election of Directors". This system of electing and removing directors may tend to discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our amended and restated certificate of incorporation will provide that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our amended and restated certificate of incorporation will not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our Class A common stock and Class B common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our amended and restated certificate of incorporation to be effective on the completion of this offering will provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following claims or causes of action under Delaware statutory or common law: (i) any derivative claim or cause of action brought on our behalf; (ii) any claim or cause of action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any claim or cause of action against us or any of our current or former directors, officers, or other employees that is governed by the internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants. This choice of forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. Our amended and restated certificate of incorporation to be effective on the completion of this offering will further provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Additionally, our amended and restated certificate of incorporation to be effective on the completion of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Class A common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. See the section titled “Risk Factors — Risks Related to this Offering and Ownership of Our Class A Common Stock — “Our amended and restated certificate of incorporation that will become effective upon the completion of this offering provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees”.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be .

Exchange Listing

Our common stock is currently not listed on any securities exchange. We intend to apply to have our common stock listed on Nasdaq under the symbol "ROOT".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our Class A common stock. Although we intend to apply to have our Class A common stock listed on Nasdaq, we cannot assure you that there will be an active public market for our Class A common stock.

Following the completion of this offering, based on the number of shares outstanding as of June 30, 2020 and assuming (1) the issuance of shares of Class A common stock in this offering, (2) the conversion of all outstanding shares of our redeemable convertible preferred stock into shares of our Class B common stock, which will automatically occur immediately prior to the completion of the offering, (3) the issuance of shares of our Class B common stock as a result of the automatic net exercise of a warrant to purchase 2,778,608 shares of our Class B common stock, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, (4) the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the completion of this offering, and (5) no exercise of the underwriters' option to purchase additional shares, we will have outstanding an aggregate of approximately shares of Class A common stock and shares of Class B common stock.

Of these shares, all shares of Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares of Class A common stock purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining outstanding shares of our Class A common stock and Class B common stock will be, and shares underlying outstanding RSUs and shares subject to stock options will be upon issuance, deemed "restricted securities" as defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or 701 under the Securities Act, each of which is summarized below. We expect that substantially all of these shares will be subject to a 180-day lock-up period under the lock-up agreements and market stand-off agreements described below.

Lock-Up Agreements

We, along with our directors, executive officers and substantially all of our other stockholders and optionholders, have agreed or will agree with the underwriters that for a period of 180 days, after the date of this prospectus, subject to specified exceptions as detailed further in "Underwriting" below, we or they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to sale of, or otherwise dispose of or transfer any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock. Substantially all of our stockholders are subject to a market stand-off agreement with us which imposes similar restrictions.

Upon expiration of the lock-up period, certain of our stockholders will have the right to require us to register their shares under the Securities Act. See the section titled "—Registration Rights" below and "Description of Capital Stock—Registration Rights".

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 144

Affiliate Resales of Restricted Securities

In general, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our capital stock for at least six months would be entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume in our Class A common stock on during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the Securities and Exchange Commission and The Nasdaq Stock Market, or Nasdaq, concurrently with either the placing of a sale order with the broker or the execution of a sale directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our capital stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and will become eligible for sale upon the expiration of the restrictions set forth in those agreements.

Form S-8 Registration Statement

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of our Class A common stock and Class B common stock subject to outstanding stock options and Class A common stock and Class B common stock issued or issuable under the 2020 Plan and the 2015 Plan, as applicable. We expect to file the registration statement covering shares offered pursuant to these stock plans shortly after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Registration Rights

As of June 30, 2020, holders of up to shares of our Class B common stock, which includes all of the shares of Class B common stock issuable upon the automatic conversion of our redeemable convertible preferred stock immediately prior to the completion of this offering, or their transferees, will be entitled to various rights with respect to the registration of these shares under the Securities Act upon the completion of this offering and the expiration of lock-up agreements. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See the section titled "Description of Capital Stock—Registration Rights" for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK

The following is a summary of certain material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the acquisition, ownership and disposition of our Class A common stock issued pursuant to this offering. This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not address the potential application of the Medicare contribution tax on net investment income, and does not address any estate or gift tax consequences or any tax consequences arising under any state, local or non-U.S. tax laws, or any other U.S. federal tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, and applicable Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service, or IRS, all as in effect as of the date hereof. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion is limited to non-U.S. holders who purchase our Class A common stock pursuant to this offering and who hold our Class A common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a particular holder in light of such holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the U.S. federal income tax laws, including:

- certain former citizens or long-term residents of the United States;
- partnerships or other entities or arrangements treated as pass-through or disregarded entities for U.S. federal income tax purposes (and investors therein);
- "controlled foreign corporations";
- "passive foreign investment companies";
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities;
- tax-exempt organizations and governmental organizations;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons subject to the alternative minimum tax;
- persons that own, or have owned, actually or constructively, more than 5% of our Class A common stock;
- accrual-method taxpayers subject to special tax accounting rules under Section 451(b) of the Code; and
- persons that hold our Class A common stock as part of a hedging or conversion transaction or straddle, or synthetic security, or a constructive sale, or other risk reduction strategy or integrated investment.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds our Class A common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our Class A common stock and the partners in such partnerships are urged to consult their tax advisors about the particular U.S. federal income tax consequences to them of holding and disposing of our Class A common stock.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR CLASS A COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our Class A common stock that is not a "U.S. person" or a partnership (including any entity or arrangement treated as a partnership) for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions on Our Class A Common Stock

We have not paid and do not anticipate paying dividends. However, if we make cash or other property distributions on our Class A common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's tax basis in our Class A common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of our Class A common stock and will be treated as described under the section titled "—Gain on Disposition of Our Class A Common Stock" below.

Subject to the discussions below regarding effectively connected income, backup withholding and Sections 1471 through 1474 of the Code (commonly referred to as FATCA), dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish us or our paying agent with a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or applicable form) and satisfy applicable certification and other requirements. This certification must be provided to us or our paying agent before the payment of dividends and must be updated periodically. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Non-U.S. holders that do not provide the required certification on a timely basis, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the United States, and dividends paid on our Class A common stock are effectively connected with such holder's U.S. trade or business (and are attributable to such holder's permanent establishment in the United States if required by an applicable tax treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax. To claim the

exemption, the non-U.S. holder must generally furnish a valid IRS Form W-8ECI (or applicable successor form) to the applicable withholding agent.

However, any such effectively connected dividends paid on our Class A common stock generally will be subject to U.S. federal income tax on a net income basis at U.S. federal income tax rates generally applicable to U.S. persons. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Gain on Disposition of Our Class A Common Stock

Subject to the discussions below regarding backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale or other disposition of our Class A common stock, unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- our Class A common stock constitutes a "United States real property interest" by reason of our status as a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-U.S. holder's holding period for our Class A common stock, and our Class A common stock is not regularly traded on an established securities market during the calendar year in which the sale or other disposition occurs.

Determining whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests. We believe that we are not currently and do not anticipate becoming a USRPHC for U.S. federal income tax purposes, although there can be no assurance we will not in the future become a USRPHC. If we are a USRPHC and either our Class A common stock is not regularly traded on an established securities market or a non-U.S. holder holds, or is treated as holding, more than 5% of our outstanding Class A common stock, directly or indirectly, during the applicable testing period, such non-U.S. holder will generally be taxed on any gain in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the branch profits tax generally will not apply. If we are a USRPHC and our Class A common stock is not regularly traded on an established securities market, a non-U.S. holder's proceeds received on the disposition of shares will also generally be subject to withholding at a rate of 15%. Prospective investors are encouraged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at U.S. federal income tax rates applicable to U.S. persons. A non-U.S. holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty), but may be offset by certain U.S.-source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Annual reports are required to be filed with the IRS and provided to each non-U.S. holder indicating the amount of dividends on our Class A common stock paid to such holder and the amount of any tax withheld with respect to

those dividends. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the holder's conduct of a U.S. trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, currently at a 24% rate, generally will not apply to payments to a non-U.S. holder of dividends on or the gross proceeds of a disposition of our Class A common stock provided the non-U.S. holder furnishes the required certification for its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or certain other requirements are met. Backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-U.S. holder should consult with a U.S. tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any.

Withholding on Foreign Entities

FATCA imposes a U.S. federal withholding tax of 30% on certain payments made to a "foreign financial institution" (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally imposes a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. FATCA currently applies to dividends paid on our Class A common stock. Under applicable Treasury Regulations and administrative guidance, withholding under FATCA would have applied to payments of gross proceeds from the sale or other disposition of stock on or after January 1, 2019, but under proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed regulations pending finalization), no withholding would apply with respect to payments of gross proceeds.

Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of this legislation on their investment in our Class A common stock.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, Barclays Capital Inc. and Wells Fargo Securities, LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
Wells Fargo Securities, LLC	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
Evercore Group L.L.C.	
Truist Securities, Inc.	
Cantor Fitzgerald & Co.	
JMP Securities LLC	
Siebert Williams Shank & Co., LLC	
Total	

The underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of at least two of Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, and Barclays Capital Inc. This agreement does not apply to any existing employee benefit plans. See the section titled "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in determining the initial public

offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on Nasdaq under the symbol "ROOT".

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the relevant exchange, in the over-the-counter market or otherwise.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses. In addition, affiliates of Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, Barclays Capital Inc., Wells Fargo Securities, LLC and Deutsche Bank Securities Inc. are lenders under our credit facility.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any

time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

European Economic Area and United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom, or, each, a Relevant State, no shares of our common stock have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares of our common stock which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of shares of our common stock may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our common stock shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Each Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 as amended, or the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the

securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other

assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for us by Cooley LLP, San Francisco, California. Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, is acting as our special counsel with respect to insurance regulatory matters and our reinsurance strategy, including in connection with this offering. Goodwin Procter LLP, Redwood City, California has acted as counsel to the underwriters in connection with this offering.

EXPERTS

The consolidated financial statements of Root, Inc. and subsidiaries as of December 31, 2018 and December 31, 2019 and for each of the two years in the period ended December 31, 2019 included in this Prospectus and the related financial statement schedules included elsewhere in the Registration Statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement. Such consolidated financial statements and financial statement schedules are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act, with respect to the shares of Class A common stock being offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the Class A common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov.

Upon the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the website of the SEC referred to above. We also maintain a website at https://joinroot.com, at which, following the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on or accessible through our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

ROOT, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

INDEX TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
AS OF DECEMBER 31, 2019 AND JUNE 30, 2020 AND FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2020

Schedules other than those listed above are omitted for the reason that they are not required, are not applicable or that equivalent information has been included in the financial statements or notes thereto or elsewhere herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Root, Inc. (formerly known as Root Stockholdings, Inc.)

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Root, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018 the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows, for each of the two years in the period ended December 31, 2019, and the related notes and the schedules listed in the Index (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
August 10, 2020

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

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2018 AND 2019

	2018	2019
	(in millions, except par value)	
Assets		
Investments:		
Fixed maturities available-for sale, at fair value (amortized cost: $4.9 and $118.7, respectively)	$ 4.9	$ 119.3
Short-term investments (amortized cost: $15.3 and $3.5, respectively)	15.3	3.5
Total investments	20.2	122.8
Cash and cash equivalents	122.3	391.7
Restricted cash	—	24.9
Premiums receivable, net of allowance of $0.0 and $2.0, respectively	35.0	122.7
Reinsurance recoverable	16.1	25.3
Prepaid reinsurance premiums	12.8	17.4
Fixed assets, net	3.8	10.2
Deferred acquisition costs	1.5	3.3
Other assets	4.3	10.3
Total assets	$ 216.0	$ 728.6
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit		
Liabilities:		
Loss and loss adjustment expense reserves	$ 33.3	$ 140.7
Unearned premiums	47.3	145.4
Long-term debt and warrants	15.1	192.2
Reinsurance premiums payable	19.6	25.7
Accounts payable and accrued expenses	10.5	29.8
Other liabilities	3.3	8.4
Total liabilities	129.1	542.2
Commitments and Contingencies (Note 13)		
Redeemable convertible preferred stock, $0.0001 par value, 136.4 and 158.9 shares issued and outstanding at December 31, 2018, and 2019, respectively (liquidation preference of $189.8 and $549.8, respectively) (Note 10)	189.6	560.4
Stockholders' deficit:		
Common stock, $0.0001 par value, 41.5 and 44.4 shares issued and outstanding at December 31, 2018, and 2019, respectively (Note 10)	—	—
Treasury stock, at cost	(0.1)	(0.1)
Additional paid-in capital	—	10.5
Accumulated other comprehensive income	—	0.6
Accumulated loss	(102.6)	(385.0)
Total stockholders' deficit	(102.7)	(374.0)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 216.0	$ 728.6

See Notes to the Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

	2018	2019
	(in millions, except per share data)	
Net premiums earned	$ 40.2	$ 275.3
Net investment income	1.2	5.2
Fee income	1.9	9.7
Total revenue	43.3	290.2
Operating expenses:		
Loss and loss adjustment expenses	43.5	321.4
Sales and marketing	40.3	109.6
Other insurance expense	10.2	52.3
Technology and development	8.2	24.0
General and administrative	9.3	43.0
Total operating expenses	111.5	550.3
Interest expense	0.9	22.3
Loss before income tax expense	(69.1)	(282.4)
Income tax expense	—	—
Net loss	(69.1)	(282.4)
Other comprehensive income:		
Changes in unrealized gain on investments	—	0.6
Comprehensive loss	$ (69.1)	$ (281.8)
Loss per common share: basic and diluted	$ (2.73)	$ (8.33)
Weighted-average common shares outstanding: basic and diluted	25.3	33.9
Pro forma net loss per share: basic and diluted (unaudited)		$ (1.54)
Pro forma weighted average common shares outstanding: basic and diluted (unaudited)		182.9

See Notes to the Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

	Redeemable Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
							(in millions)			
Balance—January 1, 2018	81.7	$ 38.8	35.7	$ —	4.5	$ (0.1)	$ —	$ —	$ (33.5)	$ (33.6)
Comprehensive loss:										
Net loss	—	—	—	—	—	—	—	—	(69.1)	(69.1)
Common stock—option exercises	—	—	5.8	—	—	—	0.1	—	—	0.1
Reclassification of early-exercised stock option to liabilities	—	—	—	—	—	—	(0.2)	—	—	(0.2)
Common stock—shared-based compensation expense	—	—	—	—	—	—	0.1	—	—	0.1
Series C—preferred stock - voting issued	32.3	46.5	—	—	—	—	—	—	—	—
Series C—preferred stock - non-voting issued	3.1	4.5	—	—	—	—	—	—	—	—
Series C—transaction costs	—	(0.1)	—	—	—	—	—	—	—	—
Series D—preferred stock issued	19.3	100.0	—	—	—	—	—	—	—	—
Series D—transaction costs	—	(0.1)	—	—	—	—	—	—	—	—
Balance—December 31, 2018	136.4	$ 189.6	41.5	$ —	4.5	$ (0.1)	$ —	$ —	$ (102.6)	$ (102.7)
Comprehensive loss:										
Net loss	—	—	—	—	—	—	—	—	(282.4)	(282.4)
Changes in other comprehensive income	—	—	—	—	—	—	—	0.6	—	0.6
Tender offer	—	—	—	—	—	—	8.6	—	—	8.6
Common stock—option exercises	—	—	2.9	—	—	—	1.9	—	—	1.9
Reclassification of early-exercised stock option to liabilities	—	—	—	—	—	—	(1.4)	—	—	(1.4)
Common stock—share-based compensation expense	—	—	—	—	—	—	1.4	—	—	1.4
Series E—preferred stock - voting issued	21.2	350.0	—	—	—	—	—	—	—	—
Series E—transaction costs	—	(0.4)	—	—	—	—	—	—	—	—
Series E—SAFE conversion	1.3	21.2	—	—	—	—	—	—	—	—
Balance—December 31, 2019	158.9	$ 560.4	44.4	$ —	4.5	$ (0.1)	$ 10.5	$ 0.6	$ (385.0)	$ (374.0)

See Notes to the Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

	2018	2019
	(in millions)	
Cash flows from operating activities:		
Net loss	$ (69.1)	$ (282.4)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	0.1	1.4
Tender offer	—	8.6
Depreciation and amortization	0.6	4.9
Bad debt expense	0.3	9.0
SAFE fair value adjustment	—	11.2
Changes in operating assets and liabilities:		
Premiums receivable	(33.7)	(96.7)
Reinsurance recoverable	(15.2)	(9.2)
Prepaid reinsurance premiums	(11.6)	(4.6)
Deferred acquisition costs	(1.5)	(1.8)
Other assets	(1.2)	(1.9)
Losses and loss adjustment expenses reserves	32.1	107.4
Unearned premiums	45.0	98.1
Reinsurance premiums payable	19.4	6.1
Accounts payable and accrued expenses	9.0	20.0
Other liabilities	(0.3)	2.7
Net cash used in operating activities	(26.1)	(127.2)
Cash flows from investing activities:		
Purchases of investments	(40.3)	(138.1)
Proceeds from maturities, call and pay downs of investments	19.2	36.2
Sales of investments	4.0	—
Capitalization of internally developed software	(2.3)	(5.5)
Purchases of fixed assets	(1.2)	(6.6)
Net cash used in investing activities	(20.6)	(114.0)
Cash flows from financing activities:		
Proceeds from exercise of stock options	0.1	1.9
Proceeds from issuance of preferred stock	151.0	350.0
Stock issuance costs	(0.2)	(0.4)
Proceeds from debt and warrants issuance	—	200.0
Debt and warrants issuance costs	—	(10.5)
Repayments of long-term debt	—	(15.5)
Proceeds from SAFE	—	10.0
Net cash provided by financing activities	150.9	535.5
Net increase in cash, cash equivalents and restricted cash	104.2	294.3
Cash, cash equivalents and restricted cash at beginning of year	18.1	122.3
Cash, cash equivalents and restricted cash at end of year	$ 122.3	$ 416.6
Supplemental disclosures:		
Interest paid	$ 0.8	$ 4.3
Income taxes paid	—	—
Leasehold improvements - non-cash	2.6	1.5
Conversion of debt to preferred stock - non-cash	—	11.2

See Notes to the Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

1. NATURE OF BUSINESS

Root, Inc. is a holding company which, directly or indirectly, maintains 100% ownership of each of its subsidiaries (together with Root, Inc. "We, us or our"). We were formed in 2015 to develop and launch a direct-to-consumer personal automobile insurance and mobile technology company.

We are a direct-to-consumer personal auto insurance, renters insurance and mobile technology company which began writing personal auto insurance in July 2016 entirely through a smartphone mobile application. We market our products primarily through digital and referral program channels. We offer insurance products underwritten by Root Insurance Company, an Ohio domiciled insurance company. As of December 31, 2019, we wrote auto policies in 29 states and were licensed in six additional states and the District of Columbia. As of December 31, 2019, we wrote renters insurance in three states.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation—The consolidated financial statements include the accounts of Root, Inc. and its subsidiaries, all of which are wholly owned. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. All intercompany accounts and transactions have been eliminated.

Use of Estimates—The preparation of consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates reflected in our consolidated financial statements include, but are not limited to, reserves for loss and loss adjustment expense, premium write-offs and valuation allowance for income taxes.

Unaudited Pro Forma Information— In the accompanying consolidated statements of operations and comprehensive loss, the unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended December 31, 2019 has been prepared assuming (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock upon an initial public offering, or IPO, and (ii) the settlement of our related party loans executed with several executives for the purchase of common stock that were contractually required to be settled in connection with the filing of a registration statement under the Securities Act (Note 12). Both the conversion and settlement transactions were considered to have occurred as if the proposed IPO had occurred on the later of January 1, 2019 or the issuance date of the respective redeemable convertible preferred stock or related party loan.

Segment Information—Our chief operating decision maker is the Chief Executive Officer. The chief operating decision maker manages operations, allocates resources, and evaluates financial performance on a company-wide basis. We operate in one reporting segment providing direct-to-consumer insurance products to customers.

Cash, Cash Equivalents and Restricted Cash—Cash consists of cash on deposit. Cash equivalents are short-term, highly liquid investments that mature within three months from the date of origination and are principally stated at amortized cost, which approximates their fair value. Restricted cash consists of amounts held in escrow by a financial institution to collateralize a portion of outstanding debt.

Book Overdraft—If checks are issued in excess of the amount of cash on hand a book overdraft shall be reclassified to accounts payable on the consolidated balance sheets. When a check is issued whereby a disbursement account is used to write the check, but the account is not funded until the check is presented for payment this "negative cash" balance is included in cash and cash equivalents on the consolidated balance sheets, if the funding account has sufficient funds.

Investments—Investments in debt securities are classified as available-for-sale securities and are carried at fair value with any unrealized gains and losses, net of taxes, recorded as a component of accumulated other comprehensive income.

Declines in the fair value of debt securities below their cost deemed to be other-than-temporary are reflected in operations as realized losses. Management regularly reviews its securities for signs of other-than-temporary impairment, an assessment requiring significant management judgment. Among the criteria management considers are the financial condition of the issuer, including receipt of scheduled principal and interest cash flows, length of time of unrealized loss, maturity dates, current economic conditions and intent to sell, including if it is more likely than not that the we will be required to sell the security before recovery. When a debt security has been determined to have an other-than-temporary impairment, the impairment charge is separated into an amount representing the credit loss, which is recognized in earnings as a realized loss and the amount related to non-credit factors, which is recognized in other comprehensive income. There were no other-than-temporary impairments recognized in 2018 and 2019.

Fair Value Measurements—Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are:

Level 1 - Financial assets and liabilities for which inputs are observable and are obtained from reliable quoted prices in active markets for identical assets and liabilities.

Level 2 - Financial assets and liabilities for which values are based on quoted prices in markets that are not active or for which values are based on similar assets and liabilities that are actively traded. This also includes pricing models for which the inputs are corroborated by market data.

Level 3 - Financial assets and liabilities for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Premiums, Premiums Receivable and Premium Write-offs—Premiums written are deferred and earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums written. A premium deficiency is recorded when the sum of expected losses, loss adjustment expenses, unamortized acquisition costs and maintenance costs exceed the recorded unearned premium reserve and anticipated investment income. A premium deficiency reserve is recognized as a reduction of deferred acquisition costs and, if necessary, by accruing an additional liability for the deficiency, with a corresponding charge to operations. We did not record a premium deficiency reserve in 2018 and 2019.

Premiums receivable represents premiums written but not yet collected. Generally, premiums are collected prior to providing risk coverage, minimizing our exposure to credit risk. Due to a variety of factors, certain premiums billed may not be collected, for which we establish an allowance for doubtful accounts based on an analysis of historical collection experience. Allowance for doubtful accounts was zero and $2.0 million as of December 31, 2018 and 2019 on the consolidated balance sheets. A policy is considered past due on the first day after its due date and policies greater than 90 days past due are written-off. We recognized premium write-offs of $0.3 million and $9.0 million for the years ended December 31, 2018 and 2019, respectively.

Fee Income—For those policyholders who pay premiums on an installment basis, we charge a flat fee for each installment related to the additional administrative costs associated with processing more frequent billings. We recognize this fee income in the period in which we process each installment.

Sales and Marketing—Sales and marketing includes spend related to performance and partnership channels, channel media, advertising, branding, public relations, consumer insights and referral fees. These expenses also include related employee costs including salaries, health benefits, bonuses and employee retirement plan related expenses other than share-based compensation expense, or Personnel Costs, and overhead allocated based on

headcount, or Overhead. We incur sales and marketing activities for all product offerings including our newly introduced Enterprise product. Sales and marketing are expensed as incurred.

Other Insurance Expense—Other insurance expense includes underwriting expenses, credit card and policy processing expenses, premium write-offs, insurance license expenses, and Personnel Costs and Overhead related to actuarial and certain data science activities. Other insurance expense also includes amortization of deferred acquisition costs like premium taxes and report costs related to the successful acquisition of a policy. Other insurance expense is expensed as incurred, except for costs related to deferred acquisition costs that are capitalized and subsequently amortized over the same period in which the related premiums are earned. These expenses are also recognized net of ceding commissions earned.

Technology and development—Technology and development consists of software development costs related to our mobile app and homegrown information technology systems; third-party services related to infrastructure support; Personnel Costs and Overhead for engineering, product, technology, and certain data science activities; and amortization of internally developed software. Technology and development is expensed as incurred, except for development and testing costs related to internally developed software that are capitalized and subsequently amortized over the expected useful life.

General and Administrative—General and administrative expenses primarily relate to external professional service expenses; Personnel Costs and Overhead for corporate functions; depreciation expense for computers, furniture and other fixed assets; and share-based compensation expense for all employees, board members, and certain advisors. General and administrative expenses are expensed as incurred.

Policy Acquisition Costs—Acquisition costs, consisting of premium taxes and certain marketing costs and underwriting expenses, net of ceding commissions, related to the successful acquisition or renewal business, are deferred and amortized over the same period in which the related premiums are earned. Ceding commissions relating to reinsurance agreements are recorded as a reimbursement for both deferrable and non-deferrable acquisition costs. The portion of the ceding commission that is equal to the pro rata share of acquisition costs based on quota share percentage is recorded as an offset to the direct deferred acquisition costs. Any portion of the ceding commission that exceeds the acquisition costs of the business ceded is recorded as a deferred liability and amortized over the same period in which the related premiums are earned.

We amortized deferred acquisition costs of $2.8 million and $12.2 million for the years ended December 31, 2018 and 2019, respectively, which are recognized in other insurance expense in our consolidated statements of operations and comprehensive loss.

Loss and Loss Adjustment Expense Reserves—Loss and loss adjustment expense (“LAE”) reserves include an amount determined using adjuster determined case-base estimates for reported claims and on actuarial unpaid claim estimates using past experience and historical emergence patterns for unreported losses and loss adjustment expenses. These reserves are established to cover the estimated ultimate cost to settle insured losses. The unpaid claim estimates consider loss cost trends, mix of business, and other risk factors impacting claims settlement. The method used to estimate unpaid LAE reserves is based on claims transaction data, including the relative cost of settling the range of claim types from express material damage claims to more complex injury cases. There is considerable uncertainty associated with the actuarial estimates, and therefore no assurance can be made that the ultimate unpaid claim liability will not vary materially from such estimates. These loss estimates are continually reviewed by management and adjusted as necessary; with adjustments included in the period determined and recorded in loss and loss adjustment expenses on our consolidated statements of operations and comprehensive loss. As such, loss and loss adjustment expense reserves represent management’s best estimate of the ultimate liability related to reported and unreported claims.

Our loss and loss adjustment expense reserves are recorded gross of reinsurance and net of amounts expected to be received from salvage (the amount recovered from a total loss claims expense) and subrogation (the right to recover payments from third parties).

Reinsurance—In the ordinary course of business, we cede a portion of our business written to reinsurers to limit the maximum net loss potential arising from large risks and catastrophes. These arrangements, known as treaties, provide for reinsurance coverage on quota-share and excess-of-loss basis. Although the ceding of reinsurance does not discharge us from our primary liability to the policyholder, the insurance company that assumes the coverage assumes the related liability. Amounts recoverable from and payable to reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. Reinsurance premiums, commissions and expense reimbursements related to reinsured business are accounted for on a basis consistent with the basis used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies have been reported as a reduction of premiums earned and are recognized over the remaining policy period based on the reinsurance protection provided. Amounts applicable to reinsurance ceded for unearned premium reserves are reported as a prepaid reinsurance premiums asset in the accompanying consolidated balance sheets and as reduction of unearned premiums in Note 6, “Reinsurance.” Expense allowances received in connection with reinsurance ceded have been accounted for as a reduction of other insurance expense in the consolidated statements of operations and comprehensive loss.

Some of our reinsurance agreements provide for adjustment of commissions or amount of coverage based on loss experience. We recognize the asset or liability arising from these adjustable features in the period the adjustment occurs, which is calculated based on experience to-date under the agreement.

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, we would be liable for such defaulted amounts. We evaluate and monitor the financial condition associated with our reinsurers in order to minimize our exposure to significant losses from reinsurer insolvencies. We obtain our reinsurance from a diverse group of reinsurers and monitor concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. All reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

Income Taxes—For the 2019 tax year, Root, Inc. will file a consolidated federal income tax return with Caret Holdings, Inc., Root Insurance Company and Root Reinsurance Company, Ltd. The consolidated return also includes Root Insurance Agency, LLC, which is a disregarded entity under Root Inc. for federal income tax purposes.

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

Deferred tax assets are recognized to the extent that there is sufficient positive evidence, as allowed under the Accounting Standard Codification, or ASC, 740, Income Taxes, to support the recoverability of those deferred tax assets. We establish a valuation allowance to the extent that there is insufficient evidence to support the recoverability of the deferred tax asset under ASC 740. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. If it is determined that the deferred tax assets would be realizable in the future in excess of their net recorded amount, an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. A valuation allowance of $19.4 million and $76.8 million was established as of December 31, 2018 and 2019, respectively. Further details are discussed in Note 9, "Income Taxes."

We recognize the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained under examination by the appropriate taxing authority. Interest and penalties on our reserve for uncertain tax positions are recognized as a component of tax expense. As of December 31, 2018 and 2019, we did not have any unrecognized tax benefits for uncertain tax positions and had no accrued interest or penalties related to uncertain tax positions.

Internally Developed Software—We review our software development activity and capitalize costs during the application development phase under ASC 350-40, *Internal-Use Software.* These costs are being amortized on a straight-line basis over a five-year period. Internally developed software costs are assessed for impairment at least quarterly to ensure assets are still in service. If there are assets identified as no longer in use, the remaining capitalized costs will be impaired. We amortized internally developed software of $0.3 million and $1.4 million for the years ended December 31, 2018 and 2019, respectively, recorded as technology and development expense in our consolidated statements of operations and comprehensive loss. The capitalized cost and accumulated amortization of internally developed software at December 31, 2018 and 2019 are as follows:

	2018	2019
	(dollars in millions)	
Internally developed software	$ 3.0	$ 8.5
Accumulated amortization	(0.5)	(1.9)
Internally developed software, net	$ 2.5	$ 6.6

Fixed Assets—Fixed Assets are carried at cost, net of accumulated depreciation. We capitalize purchases of fixed assets with costs greater than $1,000, including computers, furniture, and leasehold improvements. Depreciation on computers and furniture is recognized on a straight-line basis over a useful life of three years and five years, respectively. Depreciation on leasehold improvements is recognized on a straight-line basis over the shorter of their useful life or the life of the lease. When certain events or changes in operating conditions occur, an impairment assessment may be performed on the recoverability of the carrying amounts. For the years ended December 31, 2018 and 2019, depreciation expense of $0.3 million and $1.7 million, respectively, are recorded in our consolidated statements of operations and comprehensive loss. The capitalized cost and accumulated depreciation of fixed assets at December 31, 2018 and 2019 are as follows:

	2018	2019
	(dollars in millions)	
Computers	$ 1.0	$ 3.5
Furniture	0.6	2.9
Leasehold improvements	2.7	6.0
Total fixed assets, at cost	4.3	12.4
Accumulated depreciation	(0.5)	(2.2)
Fixed assets, net	$ 3.8	$ 10.2

Share-Based Compensation—We award share-based compensation, including stock options with only a service condition, stock options with service and performance conditions, and restricted stock, to our officers, directors, employees, and certain advisors through approval from the Compensation Committee of the Board of Directors.

Share-based compensation expense is recognized in general and administrative expenses in the consolidated statements of operations and comprehensive loss based on the grant date fair value of the awards. The fair value of stock options is determined on the grant date using the Black-Scholes Merton, or BSM, option-pricing model. The fair value of restricted stock is determined in-part by the fair value of our common shares. Stock options are exercisable for a period up to ten years from the grant date. We recognize forfeitures as they occur.

Stock options with only a service condition generally vest over four years - 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Stock options with service and performance conditions generally vest ratably over a four-year period assuming achievement of the performance conditions. The compensation expense associated with nonvested stock options that have performance conditions is dependent on our periodic assessment of the probability of the performance conditions being achieved. If deemed probable, we recognize compensation expense on a straight-line basis over the requisite service period. If a performance condition is no longer probable of achievement, any previously recognized compensation expense is reversed and no subsequent compensation expense is recognized until achievement is once again probable, at which point a cumulative catch-up is recognized, for additional information refer to Note 11, “Share-Based Compensation.”

Net Loss Per Share—Net loss per share results are a key indicator of the overall performance relative to each share of our outstanding common stock. Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Our warrants are included in the weighted-average number of common shares outstanding because they have an insignificant exercise price of $0.0001 per share and are therefore considered outstanding common shares for computation of basic EPS. The calculation for Diluted net loss per share is similar to Basic net loss per share discussed above except the conversion of dilutive securities is included in the denominator. Notable dilutive securities relevant to our operations are stock options, performance stock options, restricted stock units, warrants, redeemable convertible preferred stock, and common stock outstanding subject to outstanding related party loans.

We have operated at a loss from operations for the years ended December 31, 2018 and 2019. Therefore, the conversion of potential shares from dilutive securities would increase the denominator of earnings (loss) per share, or EPS, calculation and would create a lower loss per share due to net losses. This means that the potentially dilutive securities are considered antidilutive as they increase our EPS. Due to these losses from operations Diluted EPS would be equal to Basic EPS.

Adopted Accounting Pronouncement—In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The update requires revenue recognition to reflect the transfer of promised goods or services to customers and replaces existing revenue recognition guidance. Insurance contracts do not fall within the scope of this ASU. We adopted the ASU effective January 1, 2019. The adoption of this standard did not have a material impact on our financial statements or notes to the financial statements.

Upcoming Accounting Pronouncements—In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The main provision of ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The effective date of ASU 2016-02 is for annual reporting periods beginning after December 15, 2021, and interim reporting periods beginning after December 15, 2022. We are currently evaluating the impact of this ASU.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends previous guidance on the impairment of financial instruments by adding an impairment model that allows an entity to recognize expected credit losses as an allowance rather than impairing as they are incurred. The new guidance is intended to reduce complexity of credit impairment models and result in a more timely recognition of expected credit losses. The effective date of ASU 2016-13 is for reporting periods beginning after December 15, 2022. We are currently evaluating the impact of this ASU.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. We early adopted ASU 2018-15 on January 1, 2020. The adoption of this standard did not have a material impact on our financial statements or notes to the financial statements.

3. INVESTMENTS

The amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities at December 31, 2018 and 2019 are as follows:

	2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Bonds and short-term investments:				
U.S. Treasury securities and agencies	$ 17.3	$ —	$ —	$ 17.3
Municipal securities	1.5	—	—	1.5
Corporate debt securities	0.2	—	—	0.2
Other debt obligations	1.2	—	—	1.2
Total	$ 20.2	$ —	$ —	$ 20.2

	2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Bonds and short-term investments:				
U.S. Treasury securities and agencies	$ 12.7	$ 0.1	$ —	$ 12.8
Municipal securities	10.2	0.1	—	10.3
Corporate debt securities	38.8	0.4	(0.1)	39.1
Residential mortgage-backed securities	3.3	—	—	3.3
Commercial mortgage backed securities	31.5	0.1	(0.1)	31.5
Other debt obligations	25.7	0.1	—	25.8
Total	$ 122.2	$ 0.8	$ (0.2)	$ 122.8

The following tables reflect the gross unrealized losses, fair value on bonds, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2018 and 2019:

	2018					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
U.S. Treasury securities and agencies	$ 15.4	$ —	$ 0.4	$ —	$ 15.8	$ —
Municipal securities	0.4	—	—	—	0.4	—
Other debt obligations	1.2	—	—	—	1.2	—
Total bonds	$ 17.0	$ —	$ 0.4	$ —	$ 17.4	$ —

	2019					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
Municipal securities	$ 5.5	$ —	$ —	$ —	$ 5.5	$ —
Corporate debt securities	12.8	(0.1)	—	—	12.8	(0.1)
Residential mortgage-backed securities	1.9	—	—	—	1.9	—
Commercial mortgage-backed securities	24.5	(0.1)	—	—	24.5	(0.1)
Other debt obligations	7.4	—	—	—	7.4	—
Total bonds	$ 52.1	$ (0.2)	$ —	$ —	$ 52.1	$ (0.2)

We may ultimately record a realized loss after having originally concluded that the decline in value was temporary. Risks and uncertainties are inherent in the assessment methodology used to assess other-than-temporary declines in fair value. Risks and uncertainties could include, but are not limited to, the opinion of professional investment managers could prove to be incorrect, the past trading patterns of individual securities may not reflect future valuation trends and the credit ratings assigned by independent credit rating agencies may prove to be incorrect due to unforeseen or unknown facts related to a company's financial situation.

The amortized cost and fair value of short-term investments and fixed maturity securities by contractual maturity at December 31, 2018 and 2019 are as follows:

	2018		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in millions)			
Due in one year or less	$ 16.0	$ 16.0	$ 14.3	$ 14.3
Due after one year through five years	4.2	4.2	81.6	82.1
Due five years through 10 years	—	—	4.9	4.9
Due after 10 years	—	—	21.4	21.5
Total	$ 20.2	$ 20.2	$ 122.2	$ 122.8

There were no realized gains or losses on short-term investments and fixed maturity securities for the years ended December 31, 2018 and 2019.

The following table sets forth the components of net investment income for the years ended December 31, 2018 and 2019:

	2018	2019
	(dollars in millions)	
Interest on bonds	$ 0.4	$ 1.8
Interest on deposits and cash equivalents	0.9	3.8
Total	1.3	5.6
Investment expense	(0.1)	(0.4)
Net investment income	$ 1.2	$ 5.2

The following tables summarize the credit ratings of investments at December 31, 2018 and 2019:

	December 31, 2018		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 1.4	$ 1.4	6.9 %
AA+, AA, AA-, A-1	18.8	18.8	93.1
Total	$ 20.2	$ 20.2	100.0 %

	December 31, 2019		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 78.8	$ 79.0	64.3 %
AA+, AA, AA-, A-1	8.7	8.8	7.2
A+, A, A-	26.6	26.9	21.9
BBB+, BBB, BBB-	8.1	8.1	6.6
Total	$ 122.2	$ 122.8	100.0 %

Pursuant to certain regulatory requirements, we are required to hold assets on deposit with various state insurance departments for the benefit of policyholders. These special deposits are included in fixed maturities, available-for-sale on the consolidated balance sheets. The following table reflects special deposits:

	December 31,			
	2018		2019	
State	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in millions)			
South Carolina	$ —	$ —	$ 5.3	$ 5.5
Ohio	2.9	2.9	2.5	2.6
Colorado	—	—	1.1	1.1
Virginia	0.5	0.5	0.5	0.6
All other states	0.8	0.8	1.2	1.1
Total states	4.2	4.2	10.6	10.9

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information about our financial assets and liabilities measured and reported at fair value:

	2018			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities	$ 3.0	$ 1.9	$ —	$ 4.9
Short-term investments	14.1	1.2	—	15.3
Cash equivalents	92.5	—	—	92.5
Total Assets at fair value	$ 109.6	$ 3.1	$ —	$ 112.7

	2019			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities	$ 9.8	$ 109.5	$ —	$ 119.3
Short-term investments	3.0	0.5	—	3.5
Cash equivalents	316.6	—	—	316.6
Total Assets at fair value	$ 329.4	$ 110.0	$ —	$ 439.4
Liabilities				
Warrant liability	$ —	$ —	$ 20.3	$ 20.3
Total Liabilities at fair value	$ —	$ —	$ 20.3	$ 20.3

We estimate the fair value of all our different classes of Level 2 fixed rate maturities and short-term investments by using quoted prices from a combination of an independent pricing vendor or broker/dealer, pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

We have financial liabilities categorized as level 3 in the table above for warrants issued and outstanding in conjunction with the closing of a note purchase agreement. The warrants are disaggregated from the long-term debt in order to appropriately determine their standalone fair value. To calculate the fair value we utilized the BSM approach. The significant inputs in calculating the fair value of the warrants were the current price from the most recently completed Internal Revenue Code 409a valuation, or 409a, the current risk-free rate used by the United States Treasury, the expected term and the volatility assumption. The BSM calculation yielded a fair value of $7.2499 per share for each of the 2.8 million warrants for a standalone fair value of $20.3 million classified as long-term debt and warrants on the consolidated balance sheets.

No gains or losses related to the warrant liability were recognized in the statements of operations and comprehensive loss given the proximity of the issuance of the warrant liability to December 31, 2019. For more information on long-term debt and warrants, see “Note 8, Long-Term Debt."

The carrying amount of long-term debt is recorded at historical amounts. The fair value of outstanding long-term debt is classified within Level 2 of the fair value hierarchy. The fair value is based on a model referencing observable interest rates and spreads to project and discount cash flows to present value. For the years ended December 31, 2018 and 2019 the carrying amounts and fair values of these financial instruments were as follows:

	Carrying amount as of December 31, 2018	Estimated Fair Value as of December 31, 2018	Carrying amount as of December 31, 2019	Estimated Fair Value as of December 31, 2019
	(dollars in millions)			
Long-term debt	$ 15.1	$ 15.3	$ 172.7	$ 200.8

The carrying amounts of other short-term financial instruments approximates their fair value due to their short-term nature.

5. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The following provides a reconciliation of the beginning and ending reserve balances for loss and LAE, net of reinsurance:

	2018	2019
	(dollars in millions)	
Gross loss and LAE reserves, January 1	$ 1.6	$ 33.3
Reinsurance recoverable on unpaid losses	(0.8)	(11.4)
Net loss and LAE reserves, January 1	0.8	21.9
Net incurred loss and LAE related to:		
Current year	43.7	312.6
Prior years	(0.2)	8.8
Total incurred	43.5	321.4
Net paid loss and LAE related to:		
Current year	22.0	194.6
Prior years	0.4	26.9
Total paid	22.4	221.5
Net loss and LAE reserves, December 31	21.9	121.8
Plus reinsurance recoverable on unpaid losses	11.4	18.9
Gross loss and LAE reserves, December 31	$ 33.3	$ 140.7

Incurred losses and LAE attributable to prior accident years was a decrease of $0.2 million and an increase of $8.8 million during 2018 and 2019, respectively. For the year ended December 31, 2019, the development of incurred losses related to prior periods was primarily related to higher-than-estimated reported losses on bodily injury, uninsured and under-insured bodily injury, and property damage coverages.

Reconciliation of incurred and paid losses by LAE development to gross loss and loss expense reserves are as follows:

	2018	2019
	(dollars in millions)	
Losses—net of reinsurance	$ 17.3	$ 106.6
LAE—net of reinsurance	4.6	15.2
Reinsurance recoverables on unpaid losses	11.4	18.9
Total loss and LAE reserves—gross of reinsurance	$ 33.3	$ 140.7

The following table shows incurred and paid losses and allocated loss adjustment expenses, or ALAE, development by accident year for private passenger auto in aggregate, cumulative claim frequency is defined as the number of reported claims by claim event which includes reported claims that do not result in a liability. We revised the prior presentation of this table to exclude $7.7 million of 2019 unallocated loss adjustment expenses, which we determined was not material.

Incurred Losses and ALAE—Net of Reinsurance

Accident Year	2017 (unaudited)	2018 (unaudited)	2019	IBNR	Reported Claims[1]
			(dollars in millions)		
2017	$ 1.2	$ 1.1	$ 1.1	$ —	625
2018		42.3	48.3	0.7	15,189
2019			287.3	55.6	97,728
Total			$ 336.7		113,542

Cumulative Paid Losses and ALAE—Net of Reinsurance

Accident Year	2017 (unaudited)	2018 (unaudited)	2019
		(dollars in millions)	
2017	$ 0.6	$ 0.9	$ 1.0
2018		20.6	44.6
2019			177.0
Total			$ 222.6

Loss and ALAE reserves—net of reinsurance	114.1
Unallocated LAE reserves	7.7
Ceded unpaid loss and LAE	18.9
Loss and LAE reserves—gross of reinsurance	$ 140.7

(1) Reported by claim event.

The following table sets forth the historical average annual percentage payout of incurred losses and LAE (claims duration), net of reinsurance, as of December 31, 2019:

Year	1	2	3
Incremental Paid[1]	52.9 %	38.5 %	8.6 %

(1) Supplemental information and unaudited

6. REINSURANCE

The following table reflects amounts affecting the consolidated balance sheets and statements of operations and comprehensive loss for ceded reinsurance as of and for the years ended December 31:

	2018	2019
	(dollars in millions)	
Loss & LAE reserves:		
Direct	$ 33.3	$ 140.7
Ceded	(11.4)	(18.9)
Net loss and LAE reserves	$ 21.9	$ 121.8
Unearned premiums:		
Direct	$ 47.3	$ 145.4
Ceded	(12.8)	(17.4)
Net unearned premiums	$ 34.5	$ 128.0
Premiums written:		
Direct	$ 106.4	$ 451.1
Ceded	(32.8)	(82.3)
Net premiums written	$ 73.6	$ 368.8
Premiums earned:		
Direct	$ 61.4	$ 352.9
Ceded	(21.2)	(77.6)
Net premiums earned	$ 40.2	$ 275.3
Losses and LAE incurred:		
Direct	$ 67.9	$ 395.0
Ceded	(24.4)	(73.6)
Net losses and LAE incurred	$ 43.5	$ 321.4

If our reinsurance was cancelled at December 31, 2018 and 2019, the maximum amount of return ceded commissions due with the return of unearned premiums would have been $2.0 million and $4.1 million, respectively. Our reinsurance recoverable on unpaid losses was $11.4 million and $26.7 million as of December 31, 2018 and 2019, respectively. As of December 31, 2018 and 2019, we recorded a provision for sliding scale commission of $1.1 million and $9.3 million, respectively, in reinsurance premiums payable on the consolidated balance sheets. As of December 31, 2018 and 2019, a provision for loss corridor of zero and $7.8 million, respectively, was recorded as a contra asset in reinsurance recoverable on the consolidated balance sheets.

7. EMPLOYEE BENEFIT PLANS

Beginning May 1, 2018, we became employer of record providing employees with employer-related health and welfare plans, including a defined contributory retirement plan, to which we contribute a percentage of an employee's salary and is fully vested. During the 2018 and 2019 periods the amounts contributed to employee benefit plans were immaterial.

8. LONG-TERM DEBT

On April 17, 2019, we closed on a $65.0 million term loan, or Term Loan A, to a group of syndicated financial institutions including SunTrust Bank (now known as Truist Bank), Huntington National Bank, Silicon Valley Bank, or, collectively, the Lenders. The maturity of Term Loan A is October 16, 2020. Interest is paid monthly and is determined on a floating interest rate calculated on the 1-month LIBOR plus an applicable margin of 4%.

On June 26, 2019, we finalized an incremental term loan joinder agreement of $35.0 million to upsize Term Loan A with an additional lender (Western Alliance Bank) to bring the total Term Loan A principal balance to $100 million.

On November 25, 2019, we entered into an amended and restated Term Loan A in conjunction with an additional closing on a note purchase agreement of $100.0 million, or Term Loan B, with Centerbridge Partners, L.P., a private equity investor, or collectively our term loans. The maturity of Term Loan B is November 25, 2024. Interest is determined on a floating interest rate calculated on the 3-month LIBOR plus an applicable margin of 7%. In the event LIBOR is no longer available to the market, we will enter into an amended agreement, in accordance with the current agreement's terms, to reflect the alternate rate of interest based on this successor rate. We have the option to pay interest in-kind, or PIK, on Term Loan B for up to 3 years, or the PIK Period, from the date of closing. PIK interest will be added to the principal balance every 3 months until the end of the PIK Period, and interest will subsequently be paid quarterly. Through the year ended December 31, 2019, we have elected to PIK interest on Term Loan B. As a part of closing of Term Loan B, we issued warrants to purchase 2.8 million shares of our common stock with a strike price of $0.0001 per share and an expiration date of November 25, 2026. These warrants are classified as liabilities, within long-term debt on the consolidated balance sheets, because they may be settled with a variable number of our shares. The nature of these variable warrants is such that the Term Loan B and warrants holder will earn a rate of return between 20% to 30%. Accordingly, the warrants contract does not limit the number of shares that we could be required to issue. The fair value of these options as of December 31, 2019 was $7.2499 per share. Interest expense of $0.4 million related to the warrants was recognized during the year-ended December 31, 2019 on the consolidated statements of operations and comprehensive loss. The debt discount associated with these warrants, net of accumulated amortization and issuance costs, as of December 31, 2019 is approximately $19.5 million presented as long-term debt and warrants on the consolidated balance sheets.

In connection with the amended and restated Term Loan A on November 25, 2019, Silicon Valley Bank exited the Term Loan A syndication and their $24.9 million of outstanding debt was reallocated to two of the existing holders of Term Loan A on a pro rata basis. This required us to escrow $24.9 million of cash for a potential pay down of the corresponding debt. The cash in escrow is reflected as restricted cash on the consolidated balance sheets as of December 31, 2019. In February 2020, we amended Term Loan A to add a new financial institution (Goldman Sachs Lending Partners LLC) to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million escrowed funds was remitted to us and the other $12.5 million was remitted to the two aforementioned existing holders to pay down the pro rata portion of the reallocated Term Loan A.

The following summarizes the carrying value of long-term debt and warrants as of December 31, 2018 and 2019:

	2018	2019
	(dollars in millions)	
Term Loan A	$ —	$ 99.5
Term Loan B	—	100.0
Warrants	—	20.3
Note payable	5.0	—
Revolving line of credit	10.0	—
Total	15.0	219.8
Accrued interest payable	0.2	0.9
Unamortized discount and debt and warrant issuance costs	(0.1)	(28.5)
Total	$ 15.1	$ 192.2

The required principal payments on long-term debt are as follows:

Years Ending	Amount
	(dollars in millions)
2020	$ 99.5
2021	—
2022	—
2023	—
2024	100.0
Total	$ 199.5

9. INCOME TAXES

We had no income tax expense (benefit) for the years ended December 31, 2018 and 2019:

	2018	2019
	(dollars in millions)	
Current:		
Federal	$ —	$ —
State	—	—
Total current	—	—
Deferred:		
Federal	$ —	$ —
State	—	—
Total deferred	—	—
Total income tax expense (benefit)	$ —	$ —

The income tax expense (benefit) differed from the amounts computed by applying the statutory U.S. federal income tax rate of 21% in 2018 and 2019 to pretax income as a result of the following:

	2018		2019	
	(dollars in millions)			
Loss before income taxes	$ (69.1)		$ (282.4)	
Statutory U.S. federal income tax benefit	$ (14.5)	21.0 %	$ (59.3)	21.0 %
Valuation allowance on deferred tax assets	14.8	(21.4)	57.4	(20.3)
Other	(0.3)	0.4	1.9	(0.7)
Income tax expense (benefit)	$ —	— %	$ —	— %

The following table sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2018 and 2019:

	2018	2019
	(dollars in millions)	
Deferred tax assets:		
Unpaid losses and loss adjustment expenses	$ 0.2	$ 0.9
Unearned premium reserves	1.5	5.4
Deferred rent	—	1.0
Research and development credits	0.4	0.9
Debt issuance costs and discount	—	0.7
Accrued compensation	—	0.7
Other	0.3	1.6
Net operating loss carryforward	18.0	69.7
Gross deferred assets	20.4	80.9
Less valuation allowance	(19.4)	(76.8)
Total deferred tax assets, less valuation allowance	1.0	4.1
Deferred tax liabilities:		
Internally developed software	0.5	1.4
Fixed assets	0.2	1.8
Deferred acquisition costs	0.3	0.7
Other	—	0.2
Deferred tax liabilities	1.0	4.1
Net deferred tax asset	$ —	$ —

The above amounts were calculated in accordance with ASC 740 “Income Taxes.” The application of ASC 740 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the carrying value of the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance we include many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of expected reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; (7) and any tax planning strategies that we would employ to avoid a tax benefit expiring unused. Although lack of realization is not assured, we believe it is more likely than not that the deferred tax assets will not be realized. As such, a valuation allowance of $76.8 million has been established.

We have carryforwards related to net operating losses of $320.0 million of which $208.8 million begin to expire in tax years 2035 through 2039, with the remaining $111.2 million carried forward indefinitely. We also have carryforwards for credits related to research and development costs of $0.9 million which expire between tax years 2036 through 2038, and state operating losses of $29.6 million which expire between tax years 2029 through 2039.

We file a consolidated federal income tax return and certain state income tax returns. Tax years subsequent to 2016 are still subject to U.S. federal examinations. The federal statute of limitations is generally three years. Currently all state income and franchise tax returns are within each taxing authorities statute of limitations and are still subject to examination.

10. CAPITAL STOCK

On September 20, 2019, 21.2 million Series E preferred shares were issued (as part of the “Series E Transaction”) to investors at a price per share of $16.4906 for a total cash contribution of $350.0 million. Additionally, the Series E transaction was considered a qualifying event for the Simple Agreement for Future Equity ("SAFE") that was originally entered into with an outside investor in June 2019 for a total cash contribution of $10.0 million. The SAFE was recorded as a liability prior to the Series E transaction. In accordance with the terms of the agreement, the SAFE converted into 1.3 million Series E preferred shares at a conversion price of $7.7842 per share. As of December 31, 2019, we recognized $11.2 million in interest expense in the consolidated statements of operations and comprehensive loss due to the change in fair value between the issuance date and the conversion date of the SAFE. As part of the Series E transaction, our certificate of incorporation was amended, authorizing 266.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, 19.6 million of Series D preferred voting stock and 30.1 million of Series E preferred voting stock. All classes of stock have a par value of $0.0001 per share.

On January 2, 2019 a holder of 1.3 million Series C non-voting preferred shares converted its shares to Series C voting preferred shares.

On December 19, 2018, a holder of 1.8 million Series C non-voting preferred shares converted its shares to C voting preferred shares.

On November 1, 2018, 19.3 million Series D voting preferred shares were issued (as part of the “Series D Transaction”) to both inside and outside investors at a price per share of $5.17071 for a total cash contribution of $100.0 million. As part of the Series D transaction, our certificate of incorporation was amended, authorizing 240 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, and 3.1 million Series C non-voting preferred shares. All classes of stock have a par value of $0.0001 per share.

On June 19, 2018, a 10-for-1 stock split was approved by our Board of Directors for our common and preferred stock. As part of the stock split, our certificate of incorporation was amended, authorizing 180.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.8 million Series C voting preferred shares, and 3.2 million Series C non-voting preferred shares. All classes of stock have a par value of $0.0001 per share.

On March 16, 2018, 32.3 million Series C voting preferred shares and 3.1 million Series C non-voting preferred shares were purchased (as part of the “Series C Transaction”) by both inside and outside investors at a price per share of $1.44206 for a total cash contribution of $51.0 million. Series C non-voting preferred shares may be converted at any time to voting preferred shares by the holder of the non-voting shares. As part of the Series C Transaction, our certificate of incorporation was amended, authorizing 180.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.8 million Series C preferred voting stock and 3.2 million Series C preferred non-voting stock. All classes of stock have a par value of $0.0001 per share.

In the event that the IPO of common stock results in proceeds of at least $75.0 million, net of the underwriting discount and commissions, all outstanding shares of preferred stock with the consent of the holders will be subject to a mandatory conversion to common stock. The following is considered to be consent for each series of preferred stock: 65% of holders for Series A and B, 50% of holders for Series C and D and 70% of holders for Series E.

Shares of each series of our preferred stock are also convertible at any time, at the option of the holders, into shares of our common stock at a conversion price equal to the original issue price for each series of preferred stock. Events which may trigger an adjustment to the conversion price include certain changes in our common stock dividend rate, stock splits of our outstanding common stock into a greater number of shares, combinations of our outstanding common stock into a smaller number of shares, any reorganization, recapitalization, reclassification, consolidation or merger involving us in which the common stock is converted into or exchanged for certain securities, cash or other property, and the IPO of our common stock results in an initial price per share that is less than $24.74 per share. No such events have occurred.

Fractional shares of common stock shall not be issued upon conversion of preferred stock. In lieu of any fractional shares to which the holder would otherwise be entitled, we shall pay cash equal to such fraction multiplied by the fair market value of a share of common stock.

After a specified period, we have the option to redeem preferred stock at its redemption price. The redemption price is equal to the greater of 1) the original issue price per share, plus all declared but unpaid dividends or 2) the fair market value of a single share of such series of preferred stock as of the date of receipt of the redemption request.

The following table displays our capital stock as of December 31:

	2018			2019					
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Common Stock Issuable Upon Conversion	Conversion Price Per Share	Redeemable on or After
	(in millions, except per share amounts)								
Common Stock-Voting[1]	240.0	41.5	$ —	266.0	44.4	$ —	—		
Preferred Stock[1]									
Preferred-Series A Redeemable Convertible[2]	40.5	40.0	5.1	40.5	40.0	$ 5.1	40.0	$0.03 - $0.29	September 6, 2026
Preferred-Series B Redeemable Convertible	41.8	41.7	33.7	41.8	41.7	33.7	41.7	0.81	September 6, 2026
Preferred-Series C Redeemable Convertible - Voting	35.4	34.1	49.0	35.4	35.4	50.9	35.4	1.44	September 6, 2026
Preferred-Series C Redeemable Convertible - Nonvoting	3.1	1.3	1.9	—	—	—	—	—	—
Preferred-Series D Redeemable Convertible	19.6	19.3	99.9	19.6	19.3	99.9	19.3	5.17	September 6, 2026
Preferred-Series E Redeemable Convertible[3]	—	—	—	30.1	22.5	370.8	22.5	7.78 - 16.49	September 6, 2026
Total Preferred Stock	140.4	136.4	$ 189.6	167.4	158.9	$ 560.4	$ 158.9		

(1) All classes of stock have a par value of $0.0001 per share
(2) Shares issued for Series A-1 had a conversion price of $0.03. Shares issued for Series A-2 had a conversion price of $0.11. Shares issued for Series A-3 had a conversion price of $0.29. Collectively these shares are referred to as Series A.
(3) Shares issued for Series E had a conversion price of $16.49. Shares issued for Series E-1 had a conversion price of $7.78. Collectively these shares are referred to as Series E.

	2018				2019			
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Redemption Value	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Redemption Value
	(in millions, except per share amounts)							
Preferred Stock[1]								
Preferred-Series A Redeemable Convertible	40.5	40.0	$ 5.1	$ 5.0	40.5	40.0	$ 5.1	$ 5.0
Preferred-Series B Redeemable Convertible	41.8	41.7	33.7	33.8	41.8	41.7	33.7	33.8
Preferred-Series C Redeemable Convertible - Voting	35.4	34.1	49.0	49.1	35.4	35.4	50.9	51.0
Preferred-Series C Redeemable Convertible - Nonvoting	3.1	1.3	1.9	1.9	—	—	—	—
Preferred-Series D Redeemable Convertible	19.6	19.3	99.9	100.0	19.6	19.3	99.9	100.0
Preferred-Series E Redeemable Convertible	—	—	—	—	30.1	22.5	370.8	360.0
Total Preferred Stock	140.4	136.4	189.6	$ 189.8	167.4	158.9	560.4	$ 549.8

(1) All classes of stock have a par value of $0.0001 per share

Other rights, privileges, and preferences of the common and preferred stock are as follows:

Dividends—The voting, dividend, and liquidation rights of the holders of the common stock are subject to and qualified by the rights, powers, and preferences of the holders of the preferred stock.

We shall not declare, pay, or set aside any dividends on shares of any other class or series of capital stock unless the holders of the preferred stock then outstanding shall first receive, or simultaneously receive, a dividend.

Voting Rights—The holders of Series A preferred stock, the holders of Series B preferred stock, and the holders of the voting Series C preferred stock, each voting as a separate class, are each entitled to elect one board member. The common stockholders, voting as a single class of stock, are entitled to elect three common directors, one of whom is required to be the CEO of Root. A seventh non-affiliated board member is elected by a majority of the preferred holders and a majority of the common holders.

Liquidation Preferences—In the event of any liquidation, dissolution, or winding up of our business whether voluntary or involuntary, the holders of preferred stock are entitled to receive, prior to and in preference of any distribution to other stockholders, an amount per share equal to the greater of (a) the original issue price of the preferred stock plus all declared and unpaid dividends on the preferred stock or (b) the amount per share that would be distributed if all shares of the applicable series of preferred stock was converted into common stock immediately prior to a Liquidation Event (as defined in the certificate of incorporation of Root, as amended). Thereafter, any remaining proceeds shall be distributed to the common stockholders on a pro-rata basis.

Redemption and balance sheet classification—The redeemable convertible preferred stock is recorded in mezzanine equity because while it is not mandatorily redeemable, it will become redeemable at the option of the preferred stockholders upon the occurrence of a deemed liquidation event that is considered not solely within our control.

11. SHARE-BASED COMPENSATION

We maintain an equity incentive plan, the 2015 Equity Incentive Plan, or the Plan, for the issuance and grant of equity awards (restricted stock, and incentive and nonqualified stock options) to its officers, directors, employees and certain advisors.

As of September 2019, the number of shares authorized under the Plan was increased from 40.0 million to 45.4 million authorized common shares.

The fair value of each stock option award is estimated on the date of grant using a BSM option-pricing model that uses the weighted-average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable publicly held companies. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. We account for forfeitures as they occur.

The assumptions used in the BSM option-pricing model for options granted by us in 2019 are as follows:

	2019			
	Range			Weighted-Average
Expected term (in years)				6.2
Interest rate	1.4%	-	2.4%	2.2 %
Volatility	19.8%	-	20.4%	21.3 %
Fair market value				0.80

A summary of option activity for the years ended December 31, 2018 and 2019 is as follows:

Options	2018 Number of Shares	2018 Weighted-Average Exercise Price	2018 Weighted-Average Remaining Contractual Term (in Years)
	(in millions, except exercise price and term amounts)		
Outstanding at January 1, 2018	6.3	$ 0.09	9.27
Granted	11.0	0.84	
Exercised	(5.8)	0.59	
Forfeited, expired or canceled	(0.7)	0.53	
Outstanding at December 31, 2018	10.8	0.60	8.62

Options	2019 Number of Shares	2019 Weighted-Average Exercise Price	2019 Weighted-Average Remaining Contractual Term (in Years)
	(in millions, except exercise price and term amounts)		
Outstanding at January 1, 2019	10.8	$ 0.60	8.62
Granted	5.3	2.75	
Exercised	(2.9)	0.97	
Forfeited, expired or canceled	(0.9)	0.46	
Outstanding at December 31, 2019	12.3	1.42	8.22

For the years ended December 31, 2018 and 2019, $0.1 million and $10.0 million of share-based compensation was recorded within the consolidated statements of operations and comprehensive loss, respectively. In February 2019, a current investor completed a tender offer for common stock from vested shareholders, many of whom are current employees or members of the Board of Directors. To encourage participation, the tender offer was made at a price in excess of the fair value of our common stock. As a result we recognized $8.6 million of share-based compensation expense. As of December 31, 2019, there was $4.8 million of total unrecognized compensation cost related to share-based compensation. The remaining cost is expected to be recognized over a period of six years.

A summary of total options outstanding and exercisable at December 31, 2019:

Options	Options Outstanding Number of Shares	Options Outstanding Weighted-Average Exercise Price	Options Outstanding Weighted-Average Remaining Contractual Term (in Years)	Options Exercisable Number of Shares	Options Exercisable Weighted-Average Exercise Price	Options Exercisable Weighted-Average Remaining Contractual Term (in Years)
	(in millions, except exercise price and term amounts)					
Range of Exercise Prices:						
$0.01 - $1.00	6.4	$ 0.23	7.22	6.4	$ 0.23	7.22
$1.00 - $2.50	5.5	$ 2.40	9.28	5.5	$ 2.40	9.28
$2.50 - $7.50	0.4	$ 7.25	9.87	0.4	$ 7.25	9.87

The intrinsic value for stock options is defined as the difference between the current market value and the grant price. For the years ended December 31, 2018 and 2019, the total intrinsic value of stock options exercised was $17.8 million and $18.6 million, respectively.

The Plan permits the optionee to early exercise to obtain preferred tax treatment before the completion of the award's requisite service or vesting period. If the employee terminates employment before the end of this period, the Plan requires us to repurchase the shares at the exercise price of the award. The repurchase feature is used to require

the employee to remain through the requisite service or vesting period to receive the full economic benefit of the award.

Given the repurchase feature functions as a forfeiture provision for nonvested shares, we record the exercise cost of nonvested shares as a deposit liability for those shares settling in cash. As the shares vest, the deposit liability is reduced and Paid-In Capital is increased. As of December 31, 2018 and 2019, the early exercise deposit liability was $0.1 million and $1.5 million, respectively, and is included in other liabilities on the consolidated balance sheets.

12. RELATED PARTY LOANS

In July 2018 and April 2019, we entered into partial recourse promissory notes with several key employees for which proceeds were used to exercise 5.6 million in common stock options. The “recourse portion” of the note is an amount equal to 50% of the initial principal amount plus interested accrued on 100% of the principal amount, while the “non-recourse portion” is equal to 50% of the initial principal amount. The loans total $4.3 million. Interest is due on the unpaid balances at a weighted-average interest rate of 2.80% compounded annually. As the stated interest rate was below the market rate that would have been charged for a loan of this nature, the transaction was accounted for as a modification of the stock options. An incremental expense was determined based on the difference in the fair value of the options immediately prior to the modification and the modified fair value.

While we recognize the exercised options as shares outstanding, we have not recognized the impact of the underlying loan transaction and option exercise as the transaction is considered a non-recourse receivable in accordance with ASC 718, Compensation—Stock Compensation. These loans will no longer be outstanding prior to the initial public filing of the registration statement.

13. COMMITMENTS AND CONTINGENCIES

We lease our office facilities under various non-cancelable operating lease agreements that expire in various years through August 2026. Some of these leases provide for payment by the lessee of property taxes, insurance premiums, cost of maintenance and other costs.

During the normal course of business, we also enter into various agreements to purchase services, primarily data and information technology based services, that are enforceable and legally binding. Certain supply contracts contain penalty provisions for early termination, in addition to variable costs that are based on volume and usage. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

The following table summarizes by remaining maturity, future commitments related to operating leases and other arrangements as of December 31, 2019:

	Operating Leases	Purchase Obligations
	(dollars in millions)	
2020	$ 3.3	$ 2.3
2021	3.2	2.0
2022	3.2	0.1
2023	3.2	—
2024	3.0	—
2025 and thereafter	0.4	—
Total	$ 16.3	$ 4.4

Base rent and related rent expenses was $0.4 million and $2.4 million for the years ended December 31, 2018 and 2019, respectively.

We entered into office leases during 2018 and 2019. As part of the lease, the lessor provided us with tenant improvement incentives. These non-cash incentives were $2.6 million and $1.5 million as of December 31, 2018 and 2019, respectively, and have been capitalized as a leasehold improvement asset with an offset to deferred rent as part of other liabilities on the consolidated balance sheets. These leasehold improvement incentives are being amortized on a straight-line basis over the lease period as part of depreciation and amortization with deferred rent amortization offset against rent expense and included in general and administrative expenses on the consolidated statements of operations and comprehensive loss.

There are no litigation matters outstanding or pending that will have a material effect on our financial position or results of operations.

We are contingently liable for possible future assessments under regulatory requirements for insolvencies and impairments of unaffiliated insurance companies.

14. OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in our accumulated other comprehensive income, or AOCI, for the years ended December 31, 2018 and 2019:

	Change in net unrealized gains on investment	Total
	(dollars in millions)	
Balance, January 1, 2018	$ —	$ —
Other comprehensive income before reclassifications	—	—
Amounts reclassified from AOCI to net income	—	—
Net current period other comprehensive income	—	—
Ending balance, December 31, 2018	—	—
Other comprehensive income before reclassifications	0.6	0.6
Amounts reclassified from AOCI to net income	—	—
Net current period other comprehensive income	0.6	0.6
Ending balance, December 31, 2019	$ 0.6	$ 0.6

There were no components of AOCI reclassified to the consolidated statements of operations and comprehensive loss for the years ended December 31, 2018 and 2019.

15. LOSS PER SHARE

EPS is presented for both basic EPS and diluted EPS. We compute basic EPS by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. In addition to common shares outstanding, the computation of basic EPS includes instruments for which the holder has (or is deemed to have) the present rights as of the end of the reporting period to share in current period earnings (loss) with common stockholders (i.e., participating securities and common shares that are currently issuable for little or no cost to the holder). We also include in the denominator of our basic EPS computation the weighted-average number of shares of common stock that would be issued upon the full exercise of the warrants. These warrants have an insignificant exercise price of $0.0001 per share and are therefore considered outstanding common shares for computation of basic EPS.

Diluted EPS includes all the components of basic EPS, plus the dilutive effect of common stock equivalents such as convertible securities and stock options, but excludes those common stock equivalents from the calculation of diluted EPS when the effect of inclusion, assessed individually, would be anti-dilutive. The calculation of income available to common stockholders and EPS is based on the underlying premise that all income after payment of dividends on preferred shares is available to and will be distributed to the common stockholders.

The following table displays the computation of basic and diluted loss per share of common stock:

	December 31,	
	2018	2019
	(in millions, except per share amounts)	
Net loss	$ (69.1)	$ (282.4)
Weighted-average common shares outstanding: basic and diluted	25.3	33.9
Loss per common share: basic and diluted	$ (2.73)	$ (8.33)

We excluded the following potential common shares, presented based on amounts outstanding at each year end, from the computation of diluted net loss per share attributable to common stockholders for the years indicated because including them would have had an anti-dilutive effect:

	December 31,	
	2018	2019
	(in millions)	
Options to purchase common stock	10.8	12.3
Redeemable convertible preferred stock (as converted to common stock)	136.4	158.9
Warrants to purchase redeemable convertible preferred stock (as converted to common stock)	0.6	0.6
	147.8	171.8

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders has been prepared to give effect to adjustments arising upon the completion of the proposed IPO. The unaudited pro forma net loss attributable to common stockholders used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders gives effect, upon the proposed IPO, to (i) the conversion of shares of preferred stock into shares of common stock as if the proposed IPO had occurred on the later of January 1, 2019 or the issuance date of the preferred stock, and (ii) the settlement of our related party loans as if it had occurred on January 1, 2019 or the issuance date of the related party loan.

Unaudited pro forma basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	December 31, 2019
	(in millions, except per share amounts)
Pro forma net loss	$ (282.4)
Weighted-average common shares outstanding: basic and diluted	33.9
Pro forma adjustment to reflect automatic conversion of redeemable convertible preferred stock into common stock upon the closing of the proposed IPO	143.6
Pro forma adjustment to reflect common shares outstanding upon Settlement of Executive Promissory Notes	5.4
Pro forma weighted-average common shares outstanding — basic and diluted	182.9
Pro forma net loss per share: basic and diluted	$ (1.54)

16. STATUTORY FINANCIAL INFORMATION

We are required to prepare statutory financial statements in conformity with the basis of accounting practices prescribed or permitted by the Ohio DOI. Ohio has adopted the National Association of Insurance Commissioners', or NAIC, statutory accounting practices as the basis of its statutory accounting practices. Root Insurance Company

maintained statutory capital and surplus and had statutory net loss as of and for the years ended December 31, 2018 and 2019, as follows:

	Year ended December 31,	
	2018	2019
	(in millions)	
Statutory capital and surplus	$ 73.5	$ 152.3
Statutory net income/(loss)	$ (58.3)	$ (157.6)

The payment of dividends by us is subject to restrictions set forth in the insurance laws and regulations of the State of Ohio. The State of Ohio insurance laws require Ohio-domiciled insurance companies to notify the superintendent of the Ohio DOI to seek prior regulatory approval to pay a dividend or distribute cash or other property if the fair market value thereof, together with that of other dividends or distributions made in the preceding twelve months, exceeds the greater of (1) 10% of statutory-basis policyholders' surplus as of the prior December 31 or (2) the statutory-basis net income of the insurer as of the prior December 31. During the years ended December 31, 2018 and 2019, we did not pay any dividends.

The State of Ohio insurance laws also require insurers to seek prior regulatory approval for any dividend paid from other than earned surplus. Earned surplus is defined under the State of Ohio insurance laws as the amount equal to our unassigned funds as set forth in its most recent statutory financial statements, including net unrealized capital gains and losses. Additionally, following any dividend, an insurers policyholder surplus must be reasonable in relation to the insurer's outstanding liabilities and adequate for its financial needs.

The NAIC Risk-Based Capital, or RBC, model law requires every insurer to calculate its total adjusted capital and RBC requirement to ensure insurer solvency. Regulatory guidelines provide for an insurance commissioner to intervene if the insurer experiences financial difficulty, as evidenced by a company's total adjusted capital falling below established relationships to required RBC. The model includes components for asset risk, liability risk, interest rate exposure and other factors. The State of Ohio imposes minimum RBC requirements that are developed by the NAIC. The formulas in the model for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital to authorized control level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, all of which require specified corrective action. Our filings, in accordance with statutory accounting principles, exceeded the minimum RBC requirements for the years ended December 31, 2018 and 2019.

17. GEOGRAPHICAL BREAKDOWN OF DIRECT WRITTEN PREMIUM

Direct written premium ("DWP") by state is as follows ($ in millions):

	December 31,			
	2018		2019	
	Amount	% of DWP	Amount	% of DWP
State	(dollars in millions)			
Texas	34.2	32.1 %	94.7	21.0 %
Kentucky	11.0	10.3	46.5	10.3
Georgia	—	—	44.0	9.7
Arizona	9.1	8.6	26.7	5.9
Pennsylvania	5.2	4.9	25.2	5.6
Ohio	9.0	8.5	22.8	5.0
Missouri	4.6	4.3	22.0	4.9
Utah	5.5	5.2	17.6	3.9
Maryland	2.6	2.4	16.5	3.7
Louisiana	3.8	3.6	15.3	3.4
All others states	21.4	20.1	119.8	26.6
Total	106.4	100.0 %	451.1	100.0 %

18. SUBSEQUENT EVENTS

In February 2020, we amended Term Loan A to add a new financial institution to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million escrowed funds was remitted to us and the other $12.5 million was remitted to two existing holders to pay down a portion of Term Loan A. See Note 8, "Long-Term Debt," for further discussion.

In March 2020, a current investor completed a tender offer for common stock from vested shareholders, many of whom are current employees or members of the Board of Directors. To encourage participation, the tender offer was made at a price in excess of the fair value of our common stock. As a result, in 2020 we recognized $25.1 million of share-based compensation expense.

In December 2019, COVID-19 was first reported in Wuhan, China and in March 2020, the World Health Organization declared a global pandemic. The global pandemic has severely impacted businesses worldwide, including within the insurance industry. We have been impacted by certain individual state bulletins that outline COVID-19 premium relief efforts, including restrictions on the ability to cancel policies for non-payment, requiring deferral of insurance premium payments for up to 60 days and restrictions on increasing policy premiums. COVID-19 has impacted and may further impact the broader economic environment, including negatively impacting unemployment levels, economic growth, the proper functioning of financial and capital markets and interest rates. As the COVID-19 pandemic continues to develop, there is uncertainty around the severity and duration of the pandemic and the pandemic's potential change on our business and our financial performance.

In April 2020, we entered into a Stock Purchase Agreement to purchase a shell insurance company, subject to regulatory approvals. We plan to close the acquisition later in 2020. This acquisition will expand our ability to sell personal auto insurance in 48 states and the District of Columbia.

Subsequent events have been evaluated through August 10, 2020, which is the date the financial statements were issued.

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Balance Sheets (Parent Company)
(in millions, except par value)

	December 31, 2018	December 31, 2019
Assets		
Fixed maturities available-for sale, at fair value (amortized cost: $1.7 and $0.0, respectively)	$ 1.7	$ —
Cash and cash equivalents	41.6	193.2
Restricted cash	—	24.9
Investments in subsidiaries	45.9	137.0
Fixed assets, net	3.6	10.1
Other assets	1.4	6.3
Intercompany receivable	13.5	18.2
Total Assets	$ 107.7	$ 389.7
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Deficit		
Liabilities:		
Long-term debt and warrants	$ 15.1	$ 192.2
Accounts payable and accrued expenses	0.3	4.4
Other liabilities	2.9	6.7
Intercompany payable	2.5	—
Total Liabilities	20.8	203.3
Commitments and Contingencies		
Redeemable convertible preferred stock, $0.0001 par value, 136.4 and 158.9 shares issued and outstanding at December 31, 2018, and 2019, respectively (liquidation preference of $189.8 and $549.8, respectively)	189.6	560.4
Stockholders' Deficit:		
Common stock, $0.0001 par value, 41.5 and 44.4 shares issued and outstanding at December 31, 2018, and 2019, respectively	—	—
Treasury stock, at cost	(0.1)	(0.1)
Additional paid-in capital	—	10.5
Accumulated other comprehensive income	—	0.6
Accumulated loss	(102.6)	(385.0)
Total stockholders' deficit	(102.7)	(374.0)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 107.7	$ 389.7

See Notes to the Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Statements of Operations and Comprehensive Loss (Parent Company)
(in millions)

	December 31,	
	2018	2019
Net Investment Income	$ 0.4	$ 1.6
Total Revenue	0.4	1.6
Operating Expenses:		
Technology and development	—	3.5
General and administrative	0.4	15.7
Total Operating Expenses	0.4	19.2
Interest Expense	0.9	22.3
Total Other Expenses	0.9	22.3
Net Loss before Equity Loss of Subsidiaries	(0.9)	(39.9)
Net Loss of Subsidiaries	(68.2)	(242.5)
Net Loss	(69.1)	(282.4)
Other comprehensive income of subsidiaries	—	0.6
Comprehensive loss	$ (69.1)	$ (281.8)

See Notes to the Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Statements of Cash Flows (Parent Company)
(in millions)

	December 31,	
	2018	2019
Cash flows from operating activities:		
Net Loss	$ (69.1)	$ (282.4)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	0.1	1.4
Tender offer	—	8.6
Depreciation and amortization, net	0.2	3.5
Change in equity in subsidiaries	68.2	242.5
SAFE fair value adjustment	—	11.2
Changes in operating assets and liabilities:		
Other assets	(1.1)	(1.2)
Accounts payable and accrued expenses	(0.4)	4.9
Other liabilities	0.3	1.4
Intercompany, net	(11.0)	(7.2)
Net cash used in operating activities	(12.8)	(17.3)
Cash flows from investing activities:		
Purchases of fixed maturities available-for-sale	(9.8)	—
Proceeds from maturities, call and pay downs of available-for-sale securities	8.2	1.7
Capitalization of internally developed software	—	(3.9)
Purchases of fixed assets	(1.0)	(6.5)
Investment in subsidiaries	(95.0)	(333.0)
Net cash used in investing activities	(97.6)	(341.7)
Cash flows from financing activities:		
Proceeds from exercise of stock options	0.1	1.9
Proceeds from issuance of preferred stock	151.0	350.0
Stock issuance costs	(0.2)	(0.4)
Proceeds from debt and warrants issuance	—	200.0
Debt and warrants issuance costs	—	(10.5)
Repayments of long-term debt	—	(15.5)
Proceeds from SAFE	—	10.0
Net cash provided by financing activities	150.9	535.5
Net increase in cash and cash equivalents	40.5	176.5
Cash, cash equivalents and restricted cash at beginning of year	1.1	41.6
Cash, cash equivalents and restricted cash at end of year	$ 41.6	$ 218.1
Supplemental disclosures:		
Interest paid	$ 0.8	$ 4.3
Federal income taxes paid	—	—
Leasehold improvements - noncash	2.6	1.5
Conversion of SAFE to preferred stock - noncash	—	11.2

See Notes to the Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Notes to the Condensed Combined Financial Statements (Parent Company)

1. Business

Root, Inc. is a holding company which was formed in 2015 to develop and launch a direct-to-consumer personal automobile insurance and mobile technology company. In August 2019 a new holding company, Root Stockholdings, Inc., was formed, which became the parent of Root, Inc. and maintains 100% ownership of Root, Inc. In September 2020 Root, Inc. changed its name to Caret Holdings, Inc. and Root Stockholdings, Inc. changed its name to Root, Inc.

2. Accounting Policies

Basis of Combination—The condensed combined financial statements include the accounts of Root, Inc. and its wholly owned subsidiary, Caret Holdings, Inc., are prepared in accordance with accounting principles generally accepted in the United States. These financial statements have been combined in order to present comparative parent company financial statements for 2018 and 2019 and should be read in conjunction with our consolidated financial statements.

Use of Estimates—The preparation of condensed combined financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Guarantees

Root, Inc. entered into an agreement with the Superintendent of Insurance, State of Ohio, (the “Superintendent”) guaranteeing that Root Insurance Company will maintain certain capital and surplus requirements or risk-based capital levels, whichever is greater, and such additional surplus as the Superintendent requires. The guarantee remains in effect until such time as the Superintendent may release Root, Inc. in writing.

ROOT, INC. AND SUBSIDIARIES
Schedule V: Valuation and Qualifying Accounts
For the Years Ended December 31, 2018 and 2019
(in millions)

	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charge to other accounts		
Year Ended December 31, 2018					
Valuation allowance for deferred tax assets	$ 4.6	$ 14.8	$ —	$ —	$ 19.4
Allowance for premium receivables	$ —	$ 0.3	$ —	$ (0.3)	$ —
Year Ended December 31, 2019					
Valuation allowance for deferred tax assets	$ 19.4	$ 57.4	$ —	$ —	$ 76.8
Allowance for premium receivables	$ —	$ 9.0	$ —	$ (7.0)	$ 2.0

ROOT, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED

	As of		Pro Forma
	December 31, 2019	June 30, 2020	June 30, 2020
	(in millions, except par value)		
Assets			
Investments:			
Fixed maturities available-for sale, at fair value (amortized cost: $118.7 and $209.7 at December 31, 2019, and June 30, 2020, respectively)	$ 119.3	$ 215.2	$ 215.2
Short-term investments (amortized cost: $3.5 and $7.2 at December 31, 2019, and June 30, 2020, respectively)	3.5	7.2	7.2
Total investments	122.8	222.4	222.4
Cash and cash equivalents	391.7	240.9	240.9
Restricted cash	24.9	1.0	1.0
Premiums receivable, net of allowance of $2.0 and $3.9, respectively	122.7	130.1	130.1
Reinsurance recoverable	25.3	42.7	42.7
Prepaid reinsurance premiums	17.4	40.8	40.8
Fixed assets, net	10.2	10.2	10.2
Deferred acquisition costs	3.3	3.3	3.3
Other assets	10.3	15.4	15.4
Total assets	$ 728.6	$ 706.8	$ 706.8
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)			
Liabilities:			
Loss and loss adjustment expense reserves	$ 140.7	$ 190.3	$ 190.3
Unearned premiums	145.4	156.1	156.1
Long-term debt and warrants	192.2	190.1	168.2
Reinsurance premiums payable	25.7	59.6	59.6
Accounts payable and accrued expenses	29.8	29.7	29.7
Other liabilities	8.4	7.8	7.8
Total liabilities	542.2	633.6	611.7
Commitments and Contingencies (Note 11)			
Redeemable convertible preferred stock, $0.0001 par value, 158.9 and 161.8 shares issued and outstanding at December 31, 2019, and June 30, 2020, respectively (liquidation preference of $549.8 and $597.5 at December 31, 2019, and June 30, 2020, respectively), no shares issued and outstanding, pro forma at June 30, 2020 (Note 8)	560.4	560.4	—
Stockholders' equity (deficit):			
Common stock, $0.0001 par value, 44.4 and 41.4 shares issued and outstanding at December 31, 2019, and June 30, 2020, respectively, 206.0 shares issued and outstanding, pro forma at June 30, 2020 (Note 8)	—	—	—
Treasury stock, at cost	(0.1)	(0.8)	(0.8)
Additional paid-in capital	10.5	37.6	621.0
Accumulated other comprehensive income	0.6	5.5	5.5
Accumulated loss	(385.0)	(529.5)	(530.6)
Total stockholders' equity (deficit)	(374.0)	(487.2)	95.1
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 728.6	$ 706.8	$ 706.8

See Notes to the Condensed Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS - UNAUDITED
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2020

	2019	2020
	(in millions, except per share data)	
Net premiums earned	$ 98.6	$ 233.5
Net investment income	1.7	3.2
Net realized gains (losses) on investments	—	0.1
Fee income	3.8	8.6
Total revenue	104.1	245.4
Operating expenses:		
Loss and loss adjustment expenses	109.6	227.2
Sales and marketing	39.2	53.2
Other insurance expense	18.9	26.6
Technology and development	8.4	27.3
General and administrative	22.4	42.2
Total operating expenses	198.5	376.5
Interest expense	2.6	13.4
Loss before income tax expense	(97.0)	(144.5)
Income tax expense	—	—
Net loss	(97.0)	(144.5)
Other comprehensive income:		
Changes in unrealized gain on investments	0.7	4.9
Comprehensive loss	$ (96.3)	$ (139.6)
Loss per common share: basic and diluted	$ (3.04)	$ (3.74)
Weighted-average common shares outstanding: basic and diluted	31.9	38.6
Pro forma net loss per share: basic and diluted		$ (0.71)
Pro forma weighted average common shares outstanding: basic and diluted		204.7

See Notes to the Condensed Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT- UNAUDITED

FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2020

	Redeemable Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
							(in millions)			
Balance—January 1, 2019	136.4	$ 189.6	41.5	$ —	4.5	$ (0.1)	$ —	$ —	$ (102.6)	$ (102.7)
Comprehensive loss:										
Net loss	—	—	—	—	—	—	—	—	(97.0)	(97.0)
Changes in other comprehensive income	—	—	—	—	—	—	—	0.7		0.7
Tender offer	—	—	—	—	—	—	8.6	—	—	8.6
Common stock—option exercises	—	—	1.7	—	—	—	0.6	—	—	0.6
Reclassification of early-exercised stock option to liabilities	—	—	—	—	—	—	(0.2)	—	—	(0.2)
Common stock—shared-based compensation expense	—	—	—	—	—	—	0.5	—	—	0.5
Balance—June 30, 2019	136.4	$ 189.6	43.2	$ —	4.5	$ (0.1)	$ 9.5	$ 0.7	$ (199.6)	$ (189.5)
Balance—January 1, 2020	158.9	560.4	44.4	$ —	4.5	$ (0.1)	$ 10.5	$ 0.6	$ (385.0)	$ (374.0)
Comprehensive loss:										
Net loss	—	—	—	—	—	—	—	—	(144.5)	(144.5)
Changes in other comprehensive income	—	—	—	—	—	—	—	4.9	—	4.9
Tender offer and subsequent conversion (Note 9)	2.9	—	(2.9)	—	—	—	25.1	—	—	25.1
Common stock—option exercises	—	—	0.5	—	—	—	0.3	—	—	0.3
Reclassification of early-exercised stock option from liabilities	—	—	(0.2)	—	—	—	0.1	—	—	0.1
Common stock—share-based compensation expense	—	—	—	—	—	—	1.1	—	—	1.1
Settlement of related party loan (Note 10)	—	—	(0.4)	—	0.1	(0.7)	0.5	—	—	(0.2)
Balance—June 30, 2020	161.8	$ 560.4	41.4	$ —	4.6	$ (0.8)	$ 37.6	$ 5.5	$ (529.5)	$ (487.2)

See Notes to the Condensed Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2020

	2019	2020
	(in millions)	
Cash flows from operating activities:		
Net loss	$ (97.0)	$ (144.5)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	0.5	1.1
Tender offer	8.6	25.1
Depreciation and amortization	1.6	7.1
Bad debt expense	2.0	11.2
Warrants fair value adjustment	—	2.4
Paid-in-kind interest expense	—	4.5
Realized gains on investments	—	(0.1)
Changes in operating assets and liabilities:		
Premiums receivable	(46.9)	(18.6)
Reinsurance recoverable	(16.3)	(17.4)
Prepaid reinsurance premiums	(14.9)	(23.4)
Deferred acquisition costs	(1.1)	—
Other assets	(0.3)	(3.7)
Losses and loss adjustment expenses reserves	33.6	49.6
Unearned premiums	54.4	10.7
Reinsurance premiums payable	30.4	33.9
Accounts payable and accrued expenses	6.2	(0.1)
Other liabilities	1.2	(0.2)
Net cash used in operating activities	(38.0)	(62.4)
Cash flows from investing activities:		
Purchases of investments	(62.6)	(118.8)
Proceeds from maturities, call and pay downs of investments	22.4	17.7
Sales of investments	—	5.7
Capitalization of internally developed software	(2.7)	(2.4)
Purchases of fixed assets	(2.7)	(1.5)
Net cash used in investing activities	(45.6)	(99.3)
Cash flows from financing activities:		
Proceeds from exercise of stock options	0.3	0.3
Purchase of treasury stock	—	(0.2)
Proceeds from debt issuance	100.0	—
Debt issuance costs	(2.6)	(0.1)
Repayments of long-term debt	(15.0)	(13.0)
Proceeds from SAFE	10.0	—
Net cash provided by (used in) financing activities	92.7	(13.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	9.1	(174.7)
Cash, cash equivalents and restricted cash at beginning of year	122.3	416.6
Cash, cash equivalents and restricted cash at end of year	$ 131.4	$ 241.9
Supplemental disclosures:		
Interest paid	$ 1.2	$ 2.3
Income taxes paid	—	—
Leasehold improvements - non-cash	0.2	0.4
Purchase of treasury stock - non-cash	—	0.5

See Notes to the Condensed Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- UNAUDITED

1. NATURE OF BUSINESS

Root, Inc. is a holding company which, directly or indirectly, maintains 100% ownership of each of its subsidiaries (together with Root, Inc. "We, us or our"). We were formed in 2015 to develop and launch a direct-to-consumer personal automobile insurance and mobile technology company.

We are a direct-to-consumer personal auto insurance, renters insurance and mobile technology company which began writing personal auto insurance in July 2016 entirely through a smartphone mobile application. We market our products primarily through digital and referral program channels. We offer insurance products underwritten by Root Insurance Company, an Ohio domiciled insurance company. As of June 30, 2020, we wrote auto policies in 30 states and were licensed in six additional states and the District of Columbia. As of June 30, 2020, we wrote renters insurance in six states.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation—The unaudited condensed consolidated financial statements include the accounts of Root, Inc. and its subsidiaries, all of which are wholly owned. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. All intercompany accounts and transactions have been eliminated.

Basis of Presentation—In our opinion, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been included. All such adjustments are of a normal and recurring nature. These condensed consolidated financial statements are unaudited and, accordingly, should be read in conjunction with the audited consolidated financial statements and related notes that are included elsewhere in this prospectus.

Use of Estimates—The preparation of the condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates reflected in our condensed consolidated financial statements include, but are not limited to, reserves for loss and loss adjustment expense, premium write-offs and valuation allowance for income taxes.

Unaudited Pro Forma Information—The accompanying unaudited pro forma condensed consolidated balance sheet as of June 30, 2020 has been prepared assuming (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock upon an initial public offering, or IPO, (ii) the settlement of our related party loans executed with several executives for the purchase of common stock that were contractually required to be settled in connection with the filing of a registration statement under the Securities Act (Note 10), (iii) the automatic exercise of certain warrants outstanding as of June 30, 2020, resulting in the issuance of common stock in connection with the IPO, (iv) share-based compensation expense associated with restricted stock units for which the service period has commenced as of June 30, 2020 and the qualifying event-based vesting condition will be satisfied in connection with the IPO. Both the conversion and settlement transactions were considered to have occurred as if the IPO and settlement had occurred on June 30, 2020.

In the accompanying condensed consolidated statements of operations and comprehensive loss, the unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the year ended June 30, 2020 has been prepared assuming (i) the automatic conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock upon an IPO, and (ii) the settlement of our related party loans executed with several executives for the purchase of common stock that were contractually required to be settled in connection with the filing of a registration statement under the Securities Act (Note 10). Both the conversion and settlement transactions were considered to have occurred as if the proposed IPO had occurred on the later of January 1, 2020 or the issuance date of the respective redeemable convertible preferred stock or related party loan.

Deferred Offering Costs—Deferred offering costs, which primarily consist of legal, accounting, and other third-party fees directly related to our initial public offering (IPO), are capitalized as incurred. Upon consummation of the IPO, these deferred offering costs are offset against the IPO proceeds. In the event the offering is terminated and not resumed within a certain amount of time, the deferred offering costs will be expensed. Deferred offering costs were immaterial as of June 30, 2020.

Recently Adopted Financial Accounting Standards—In August 2018, the FASB issued Accounting Standards Update No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. We early adopted ASU 2018-15 on January 1, 2020. The adoption of this standard did not have a material impact on our condensed consolidated financial statements or notes to the condensed consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes*. The amendments in the update simplify the accounting for income taxes by, among other things, removing the exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items like comprehensive income, and recognizing franchise tax that is partially based on income as an income-based tax. We early adopted ASU 2019-12 on January 1, 2020. The adoption of this standard did not have a material impact on our condensed consolidated financial statements or notes to the condensed consolidated financial statements.

Upcoming Accounting Pronouncements—We currently qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, whereby we have the option to adopt new or revised accounting guidance within the same time periods as private companies. We have elected this option, but may ultimately determine it is preferable to take advantage of early adoption provisions offered within the applicable guidance.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The main provision of ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The effective date of ASU 2016-02 is for annual reporting periods beginning after December 15, 2021, and interim reporting periods beginning after December 15, 2022. We are currently evaluating the impact of this ASU.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends previous guidance on the impairment of financial instruments by adding an impairment model that allows an entity to recognize expected credit losses as an allowance rather than impairing as they are incurred. The new guidance is intended to reduce complexity of credit impairment models and result in a more timely recognition of expected credit losses. The effective date of ASU 2016-13 is for reporting periods beginning after December 15, 2022. We are currently evaluating the impact of this ASU.

3. INVESTMENTS

The amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities at December 31, 2019 and June 30, 2020 are as follows:

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Bonds and short-term investments:				
U.S. Treasury securities and agencies	$ 12.7	$ 0.1	$ —	$ 12.8
Municipal securities	10.2	0.1	—	10.3
Corporate debt securities	38.8	0.4	(0.1)	39.1
Residential mortgage-backed securities	3.3	—	—	3.3
Commercial mortgage backed securities	31.5	0.1	(0.1)	31.5
Other debt obligations	25.7	0.1	—	25.8
Total	$ 122.2	$ 0.8	$ (0.2)	$ 122.8

	June 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Bonds and short-term investments:				
U.S. Treasury securities and agencies	$ 9.9	$ 0.2	$ —	$ 10.1
Municipal securities	14.3	0.7	—	15.0
Corporate debt securities	92.1	3.0	—	95.1
Residential mortgage-backed securities	10.2	0.1	—	10.3
Commercial mortgage backed securities	57.0	1.1	(0.1)	58.0
Other debt obligations	33.4	0.5	—	33.9
Total	$ 216.9	$ 5.6	$ (0.1)	$ 222.4

The following tables reflect the gross unrealized losses, fair value on bonds, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2019 and June 30, 2020:

	December 31, 2019					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
Municipal securities	$ 5.5	$ —	$ —	$ —	$ 5.5	$ —
Corporate debt securities	12.8	(0.1)	—	—	12.8	(0.1)
Residential mortgage-backed securities	1.9	—	—	—	1.9	—
Commercial mortgage-backed securities	24.5	(0.1)	—	—	24.5	(0.1)
Other debt obligations	7.4	—	—	—	7.4	—
Total bonds	$ 52.1	$ (0.2)	$ —	$ —	$ 52.1	$ (0.2)

	June 30, 2020					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
Municipal securities	$ 0.4	$ —	$ —	$ —	$ 0.4	$ —
Corporate debt securities	2.4	—	—	—	2.4	—
Residential mortgage-backed securities	5.8	—	—	—	5.8	—
Commercial mortgage-backed securities	5.5	(0.1)	—	—	5.5	(0.1)
Other debt obligations	0.4	—	—	—	0.4	—
Total bonds	$ 14.5	$ (0.1)	$ —	$ —	$ 14.5	$ (0.1)

We may ultimately record a realized loss after having originally concluded that the decline in value was temporary. There were no other-than-temporary impairments recognized in the six months ended June 30, 2019 or 2020, respectively. Risks and uncertainties are inherent in the assessment methodology used to assess other-than-temporary declines in fair value. Risks and uncertainties could include, but are not limited to, the opinion of professional investment managers could prove to be incorrect, the past trading patterns of individual securities may not reflect future valuation trends and the credit ratings assigned by independent credit rating agencies may prove to be incorrect due to unforeseen or unknown facts related to a company's financial situation.

The amortized cost and fair value of short-term investments and fixed maturity securities by contractual maturity at December 31, 2019 and June 30, 2020 are as follows:

	December 31, 2019		June 30, 2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in millions)			
Due in one year or less	$ 14.3	$ 14.3	$ 17.7	$ 17.8
Due after one year through five years	81.6	82.1	149.1	153.8
Due five years through 10 years	4.9	4.9	11.7	12.1
Due after 10 years	21.4	21.5	38.4	38.7
Total	$ 122.2	$ 122.8	$ 216.9	$ 222.4

Net realized gains on short-term investments and fixed maturity securities were zero and $0.1 million for the six months ended June 30, 2019 and 2020, respectively.

The following table sets forth the components of net investment income for the periods ended June 30, 2019 and 2020:

	Six Months Ended June 30,	
	2019	2020
	(dollars in millions)	
Interest on bonds	$ 1.8	$ 2.1
Interest on deposits and cash equivalents	—	1.3
Total	1.8	3.4
Investment expense	(0.1)	(0.2)
Net investment income	$ 1.7	$ 3.2

The following tables summarize the credit ratings of investments at December 31, 2019 and June 30, 2020:

	December 31, 2019		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 78.8	$ 79.0	64.3 %
AA+, AA, AA-, A-1	8.7	8.8	7.2
A+, A, A-	26.6	26.9	21.9
BBB+, BBB, BBB-	8.1	8.1	6.6
Total	$ 122.2	$ 122.8	100.0 %

	June 30, 2020		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 116.2	$ 118.3	53.2 %
AA+, AA, AA-, A-1	16.4	17.1	7.7
A+, A, A-	59.9	61.8	27.8
BBB+, BBB, BBB-	24.4	25.2	11.3
Total	$ 216.9	$ 222.4	100.0 %

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information about our financial assets and liabilities measured and reported at fair value:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities	$ 9.8	$ 109.5	$ —	$ 119.3
Short-term investments	3.0	0.5	—	3.5
Cash equivalents	316.6	—	—	316.6
Total Assets at fair value	$ 329.4	$ 110.0	$ —	$ 439.4
Liabilities				
Warrant liability	$ —	$ —	$ 20.3	$ 20.3
Total Liabilities at fair value	$ —	$ —	$ 20.3	$ 20.3

	June 30, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities	$ 3.0	$ 212.2	$ —	$ 215.2
Short-term investments	7.0	0.2	—	7.2
Cash equivalents	185.5	—	—	185.5
Total Assets at fair value	$ 195.5	$ 212.4	$ —	$ 407.9
Liabilities				
Warrant liability	$ —	$ —	$ 22.7	$ 22.7
Total Liabilities at fair value	$ —	$ —	$ 22.7	$ 22.7

We estimate the fair value of all our different classes of Level 2 fixed maturities and short-term investments by using a combination of an independent pricing vendor or broker/dealer, pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

We have financial liabilities categorized as level 3 in the table above for warrants issued and outstanding. To calculate the fair value we utilized the BSM approach. The significant inputs in calculating the fair value of the warrants were the current price from the most recently completed Internal Revenue Code 409a valuation, or 409a, the current risk-free rate used by the United States Treasury, the expected term and the volatility assumption. The BSM calculation yielded a fair value of $8.09 per share for each of the 2.8 million warrants. During the six months ended June 30, 2020, we recognized a $2.4 million adjustment to the fair value of the warrants within interest expense of our condensed consolidated statements of operations and comprehensive loss.

The carrying amount of long-term debt is recorded at historical amounts. The fair value of outstanding long-term debt is classified within Level 2 of the fair value hierarchy. The fair value is based on a model referencing observable interest rates and spreads to project and discount cash flows to present value. For the periods ended December 31, 2019 and June 30, 2020 the carrying amounts and fair values of these financial instruments were as follows:

	Carrying amount as of December 31, 2019	Estimated Fair Value as of December 31, 2019	Carrying amount as of June 30, 2020	Estimated Fair Value as of June 30, 2020
	(dollars in millions)			
Long-term debt	$ 172.7	$ 200.8	$ 168.2	$ 192.0

The carrying amounts of other short-term financial instruments approximates their fair value due to their short-term nature.

5. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The following provides a reconciliation of the beginning and ending reserve balances for loss and LAE, net of reinsurance:

	Six Months Ended June 30,	
	2019	2020
	(dollars in millions)	
Gross loss and LAE reserves, January 1	$ 33.3	$ 140.7
Reinsurance recoverable on unpaid losses	(11.4)	(18.9)
Net loss and LAE reserves, January 1	21.9	121.8
Net incurred loss and LAE related to:		
Current year	102.6	213.7
Prior years	3.6	13.0
Total incurred	106.2	226.7
Net paid loss and LAE related to:		
Current year	59.9	105.9
Prior years	19.7	83.5
Total paid	79.6	189.4
Net loss and LAE reserves, June 30	48.5	159.1
Plus reinsurance recoverable on unpaid losses	18.4	31.2
Gross loss and LAE reserves, June 30	$ 66.9	$ 190.3

Incurred losses and LAE attributable to prior accident years was an increase of $3.6 million and $13.0 million for the six months ended June 30, 2019 and 2020, respectively. For the six months ended June 30, 2020, the development of incurred losses related to prior periods was primarily related to higher-than-expected reported losses on bodily injury, uninsured and under-insured bodily injury, property damage and collision coverages.

6. LONG-TERM DEBT

The following summarizes the carrying value of long-term debt and warrants as of December 31, 2019 and June 30, 2020:

	December 31, 2019	June 30, 2020
	(dollars in millions)	
Term Loan A	$ 99.5	$ 86.5
Term Loan B	100.0	100.0
Warrants	20.3	22.7
Total	219.8	209.2
Accrued interest payable	0.9	5.4
Unamortized discount and debt issuance costs	(28.5)	(24.5)
Total	$ 192.2	$ 190.1

In connection with the amended and restated Term Loan A on November 25, 2019, Silicon Valley Bank exited the Term Loan A syndication and their $24.9 million of outstanding debt was reallocated to two of the existing holders of Term Loan A on a pro rata basis. This required us to escrow $24.9 million of cash for a potential pay down of the corresponding debt. The cash in escrow is reflected as restricted cash on the consolidated balance sheets as of December 31, 2019. In February 2020, we amended Term Loan A to add a new financial institution (Goldman Sachs Lending Partners LLC) to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million escrowed funds was remitted to us and the other $12.5 million was remitted to the two aforementioned existing holders to pay down the pro rata portion of the reallocated Term Loan A.

We pay interest pursuant to the terms of the obligations and have the option to pay interest in-kind, or PIK, on Term Loan B for up to 3 years, or the PIK Period, from the date of closing in November 2019. PIK interest will be added to the principal balance every 3 months until the end of the PIK Period, and interest will subsequently be paid quarterly. We have elected to PIK interest on Term Loan B from the date of closing through June 30, 2020. Deferred PIK interest was $5.3 million as of June 30, 2020.

7. INCOME TAXES

The consolidated effective tax rate was 0.0% for the six months ended June 30, 2019 and 2020, respectively. The difference between these rates and the U.S. federal income tax rate of 21% was primarily due to a full valuation allowance on our U.S. deferred tax assets.

As of June 30, 2020, we did not have any unrecognized tax benefits for uncertain tax positions and had no interest or penalties related to uncertain tax positions.

8. CAPITAL STOCK

As of December 31, 2019 and June 30, 2020, our certificate of incorporation, as amended and restated, authorizing 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, 19.6 million of Series D preferred voting stock and 30.1 million and 32.7 million of Series E preferred voting stock, respectively. All classes of stock have a par value of $.0001 per share. The redeemable convertible preferred stock is recorded in mezzanine equity because while it is not mandatorily redeemable, it will become redeemable at the option of the preferred stockholders upon the occurrence of a deemed liquidation event that is considered not solely within our control.

As of December 31, 2019 and June 30, 2020, our certificate of incorporation, as amended and restated, authorizing 266.0 million and 269.0 million common shares of voting stock shares of par value $0.0001 per share common stock, respectively. The voting, dividend, and liquidation rights of the holders of the common stock are subject to and qualified by the rights, powers, and preferences of the holders of the preferred stock.

In March 2020, subsequent to the tender offer discussed in Note 9, we converted 2.9 million of common shares purchased by the investor into shares of Series E preferred shares.

The following table displays our capital stock as of December 31, 2019 and June 30, 2020:

	December 31, 2019			June 30, 2020					
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Common Stock Issuable Upon Conversion	Conversion Price Per Share	Redeemable on or After
	(in millions, except per share amounts)								
Common Stock-Voting[1]	266.0	44.4	$ —	269.0	41.4	$ —	—		
Preferred Stock[1]									
Preferred-Series A Redeemable Convertible[2]	40.5	40.0	5.1	40.5	40.0	$ 5.1	40.0	$0.03 - $0.29	September 6, 2026
Preferred-Series B Redeemable Convertible	41.8	41.7	33.7	41.8	41.7	33.7	41.7	0.81	September 6, 2026
Preferred-Series C Redeemable Convertible - Voting	35.4	35.4	50.9	35.4	35.4	50.9	35.4	1.44	September 6, 2026
Preferred-Series D Redeemable Convertible	19.6	19.3	99.9	19.6	19.3	99.9	19.3	5.17	September 6, 2026
Preferred-Series E Redeemable Convertible[3]	30.1	22.5	370.8	32.7	25.4	370.8	25.4	7.78 - 16.49	September 6, 2026
Total Preferred Stock	167.4	158.9	$ 560.4	170.0	$ 161.8	$ 560.4	$ 161.8		

(1) All classes of stock have a par value of $0.0001 per share
(2) Shares issued for Series A-1 had a conversion price of $0.03. Shares issued for Series A-2 had a conversion price of $0.11. Shares issued for Series A-3 had a conversion price of $0.29. Collectively these shares are referred to as Series A.
(3) Shares issued for Series E had a conversion price of $16.49. Shares issued for Series E-1 had a conversion price of $7.78. Collectively these shares are referred to as Series E.

	December 31, 2019				June 30, 2020			
	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Redemption Value	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Redemption Value
	(in millions, except per share amounts)							
Preferred Stock[1]								
Preferred-Series A Redeemable Convertible	40.5	40.0	$ 5.1	$ 5.0	40.5	40.0	$ 5.1	$ 5.0
Preferred-Series B Redeemable Convertible	41.8	41.7	33.7	33.8	41.8	41.7	33.7	33.8
Preferred-Series C Redeemable Convertible - Voting	35.4	35.4	50.9	51.0	35.4	35.4	50.9	51.0
Preferred-Series D Redeemable Convertible	19.6	19.3	99.9	100.0	19.6	19.3	99.9	100.0
Preferred-Series E Redeemable Convertible	30.1	22.5	370.8	360.0	32.7	25.4	370.8	407.7
Total Preferred Stock	167.4	158.9	$ 560.4	$ 549.8	170.0	161.8	$ 560.4	597.5

(1) All classes of stock have a par value of $0.0001 per share

9. SHARE-BASED COMPENSATION

We maintain an equity incentive plan, the 2015 Equity Incentive Plan, or the Plan, for the issuance and grant of equity awards (restricted stock, and incentive and nonqualified stock options) to its officers, directors, employees and certain advisors. As of June 30, 2020, the number of shares authorized under the Plan was 45.4 million authorized common shares.

A summary of option activity for the six months ended June 30, 2020 is as follows:

	June 30, 2020			
Options	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
	(in millions, except exercise price and term amounts)			
Outstanding at January 1, 2020	12.3	$ 1.42	8.22	70.4
Granted	0.8	7.25		
Exercised	(0.5)	0.61		
Forfeited, expired or canceled	(0.5)	5.64		
Outstanding and exercisable at June 30, 2020	12.1	1.68	8.67	66.0

For the six months ended June 30, 2019 and 2020, $9.1 million and $26.2 million of share-based compensation was recorded within the condensed consolidated statements of operations and comprehensive loss, respectively. In March 2020, a current investor completed a tender offer for common stock from vested shareholders, many of whom are current employees or members of the Board of Directors. To encourage participation, the tender offer was made at a price in excess of the fair value of our common stock. As a result, we recognized $25.1 million of share-based compensation expense. As of June 30, 2020, there was $6.6 million of total unrecognized compensation cost related to share-based compensation. The remaining cost is expected to be recognized over a period of six years.

The following table displays share-based compensation expense recorded in the condensed consolidated statements of operations and comprehensive loss:

	Six Months Ended June 30,	
	2019	2020
	(dollars in millions)	
Share-based compensation expense:		
Loss and loss adjustment expenses	$ —	$ 0.5
Sales and marketing	—	1.0
Other insurance expense	—	0.9
Technology and development	—	5.3
General and administrative	9.1	18.5
Total share-based compensation expense	$ 9.1	$ 26.2

The Plan permits the optionee to early exercise to obtain preferred tax treatment before the completion of the award's requisite service or vesting period. If the employee terminates employment before the end of this period, the Plan requires us to repurchase the shares at the exercise price of the award. The repurchase feature is used to require the employee to remain through the requisite service or vesting period to receive the full economic benefit of the award.

Given the repurchase feature functions as a forfeiture provision for nonvested shares, we record the exercise cost of nonvested shares as a deposit liability for those shares settling in cash. As the shares vest, the deposit liability is reduced and Paid-In Capital is increased. As of December 31, 2019 and June 30, 2020, the early exercise deposit liability was $1.5 million and $1.4 million, respectively, and is included in other liabilities on the condensed consolidated balance sheets.

10. RELATED PARTY LOANS

As of December 31, 2019 and June 30, 2020, there were related party loans outstanding of $4.3 million with a weighted-average interest rate of 2.80% and $3.4 million with a weighted-average interest rate of 2.87%, respectively.

In May 2020, we settled a related party loan by accepting 0.3 million unvested shares and 0.1 million vested shares in exchange for the full repayment of the related $0.9 million related party loan and accrued interest. We recognized $0.7 million of Treasury Stock as a result.

In October 2020, our Board of Directors approved the forgiveness of all outstanding principal and accrued but unpaid interest for each of the remaining executive promissory notes. As the exercise price has effectively been reduced to zero, the forgiveness was accounted for as a modification of the stock options. An incremental share-based compensation cost of $3.4 million was determined based on the difference in the fair value of the options immediately prior to the modification and the modified fair value. Based on 0.5 million shares having vested as of the date of forgiveness, we recognized $0.3 million of share-based compensation expense in October 2020. The remaining $3.1 million share-based compensation expense will be recognized ratably over the remaining vesting period of 6 years.

11. COMMITMENTS AND CONTINGENCIES

We lease our office facilities under various non-cancelable operating lease agreements with various expiration dates through February 2028. Some of these leases provide for payment by the lessee of property taxes, insurance premiums, cost of maintenance and other costs.

During the normal course of business, we also enter into various agreements to purchase services, primarily data and information technology based services, that are enforceable and legally binding. Certain supply contracts contain penalty provisions for early termination, in addition to variable costs that are based on volume and usage. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

The following table summarizes by remaining maturity, future commitments related to operating leases and other arrangements as of June 30, 2020:

	Operating Leases	Purchase Obligations
	(dollars in millions)	
2020 (remaining six months)	$ 1.8	$ 1.7
2021	4.0	2.9
2022	4.4	0.9
2023	4.4	0.3
2024	4.3	—
2025 and thereafter	4.4	—
Total	$ 23.3	$ 5.8

Base rent and related rent expenses was $0.7 million and $2.4 million for the six months ended June 30, 2019 and 2020, respectively.

There are no litigation matters outstanding or pending that will have a material effect on our financial position or results of operations.

We are contingently liable for possible future assessments under regulatory requirements for insolvencies and impairments of unaffiliated insurance companies.

12. OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in our accumulated other comprehensive income, or AOCI, for the periods ended June 30, 2019 and June 30, 2020:

	Change in net unrealized gains on investment
	(dollars in millions)
Balance, January 1, 2019	$ —
Other comprehensive income before reclassifications	0.7
Amounts reclassified from AOCI to net income	—
Net current period other comprehensive income	0.7
Ending balance, June 30, 2019	$ 0.7
Balance, January 1, 2020	$ 0.6
Other comprehensive income before reclassifications	5.0
Realized gains on investments reclassified from AOCI to net income	(0.1)
Net current period other comprehensive income	4.9
Ending balance, June 30, 2020	$ 5.5

13. LOSS PER SHARE

EPS is presented for both basic EPS and diluted EPS. We compute basic EPS by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. In addition to common shares outstanding, the computation of basic EPS includes instruments for which the holder has (or is deemed to have) the present rights as of the end of the reporting period to share in current period earnings (loss) with common stockholders (i.e., participating securities and common shares that are currently issuable for little or no cost to the holder). We also include in the denominator of our basic EPS computation the weighted-average number of shares of common stock that would be issued upon the full exercise of the warrants. These warrants have an insignificant exercise price of $0.0001 per share and are therefore considered outstanding common shares for computation of basic EPS.

Diluted EPS includes all the components of basic EPS, plus the dilutive effect of common stock equivalents such as convertible securities and stock options, but excludes those common stock equivalents from the calculation of diluted EPS when the effect of inclusion, assessed individually, would be anti-dilutive. The calculation of income available to common stockholders and EPS is based on the underlying premise that all income after payment of dividends on preferred shares is available to and will be distributed to the common stockholders.

The following table displays the computation of basic and diluted loss per share of common stock:

	Six Months Ended June 30,	
	2019	2020
	(in millions, except per share amounts)	
Net loss	$ (97.0)	$ (144.5)
Weighted-average common shares outstanding: basic and diluted	31.9	38.6
Loss per common share: basic and diluted	$ (3.04)	$ (3.74)

We excluded the following potential common shares, presented based on amounts outstanding at each year end, from the computation of diluted net loss per share attributable to common stockholders for the years indicated because including them would have had an anti-dilutive effect:

	As of June 30,	
	2019	2020
	(in millions)	
Options to purchase common stock	11.1	12.1
Redeemable convertible preferred stock (as converted to common stock)	136.4	161.8
Warrants to purchase redeemable convertible preferred stock (as converted to common stock)	0.6	0.6
	148.1	174.5

The unaudited pro forma basic and diluted net loss per share attributable to common stockholders has been prepared to give effect to adjustments arising upon the completion of the proposed IPO. The unaudited pro forma net loss attributable to common stockholders used in the calculation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders gives effect, upon the proposed IPO, to (i) the conversion of shares of preferred stock into shares of common stock as if the proposed IPO had occurred on the later of January 1, 2020 or the issuance date of the preferred stock, and (ii) the settlement of our related party loans as if it had occurred on January 1, 2020.

Unaudited pro forma basic and diluted net loss per share attributable to common stockholders was calculated as follows:

	June 30, 2020
	(in millions, except per share amounts)
Pro forma net loss	$ (144.5)
Weighted-average common shares outstanding: basic and diluted	38.6
Pro forma adjustment to reflect automatic conversion of redeemable convertible preferred stock into common stock upon the closing of the proposed IPO	160.7
Pro forma adjustment to reflect common shares outstanding upon Settlement of Executive Promissory Notes	5.4
Pro forma weighted-average common shares outstanding — basic and diluted	204.7
Pro forma net loss per share: basic and diluted	$ (0.71)

14. GEOGRAPHICAL BREAKDOWN OF DIRECT WRITTEN PREMIUM

Direct written premium ("DWP") by state is as follows ($ in millions):

	Six Months Ended June 30			
	2019		2020	
	Amount	% of DWP	Amount	% of DWP
State	(dollars in millions)			
Texas	$ 44.4	23.6 %	$ 65.2	21.3 %
Georgia	11.6	6.2	37.6	12.3
Kentucky	22.6	12.0	19.9	6.5
Pennsylvania	10.1	5.4	15.2	4.9
Arizona	11.3	6.0	15.0	4.9
Missouri	9.5	5.1	13.5	4.4
Louisiana	5.4	2.9	12.6	4.1
Utah	7.4	3.9	12.2	4.0
Ohio	10.8	5.7	11.0	3.6
Oregon	4.7	2.5	9.8	3.2
All others states	50.1	26.7	94.5	30.8
Total	$ 187.9	100.0 %	$ 306.5	100.0 %

15. SUBSEQUENT EVENTS

In December 2019, COVID-19 was first reported in Wuhan, China and in March 2020, the World Health Organization declared a global pandemic. The global pandemic has severely impacted businesses worldwide, including within the insurance industry. We have been impacted by certain individual state bulletins that outline COVID-19 premium relief efforts, including restrictions on the ability to cancel policies for non-payment, requiring deferral of insurance premium payments for up to 60 days and restrictions on increasing policy premiums. COVID-19 has impacted and may further impact the broader economic environment, including negatively impacting unemployment levels, economic growth, the proper functioning of financial and capital markets and interest rates. As the COVID-19 pandemic continues to develop, there is uncertainty around the severity and duration of the pandemic and the pandemic's potential change on our business and our financial performance.

In April 2020, we entered into a Stock Purchase Agreement to purchase a shell insurance company, subject to regulatory approvals. We plan to close the acquisition later in 2020. This acquisition will expand our ability to sell personal auto insurance in 48 states and the District of Columbia.

In September 2020, we amended Term Loan A to add financial institutions (Barclays, Deutsche Bank, Morgan Stanley and Wells Fargo) to the syndication, upsize the outstanding facility by $13.5 million, and extend its maturity to October 15, 2021. We also opened a $100 million revolving line of credit with members of the Term Loan A syndication.

In September 2020, Root, Inc., a subsidiary of Root Stockholdings, Inc., changed its name to Caret Holdings, Inc. In addition the parent company Root Stockholdings, Inc. changed its name to Root, Inc. We reflected the name change throughout the consolidated and condensed consolidated financial statements and schedules.

Subsequent events have been evaluated through September 17 and October 5, 2020, for the item below, which is the date the financial statements were available to be issued.

In October 2020, our Board of Directors approved the forgiveness of all outstanding principal and accrued but unpaid interest for each of the remaining executive promissory notes. Refer to Note 10 for further discussion.

Shares

Root, Inc.

Class A Common Stock

Goldman Sachs & Co. LLC **Morgan Stanley**

Barclays **Wells Fargo Securities**

Credit Suisse **Deutsche Bank Securities** **Evercore ISI** **Truist Securities**

Cantor **JMP Securities** **Siebert Williams Shank**

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the exchange listing fee.

	Amount
SEC registration fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect on the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect on the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of Root, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Root, Inc. At present, there is no pending litigation or proceeding involving a director or officer of Root, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his or her capacity as such.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2017 we have issued the following unregistered securities (after giving effect to a 10-for-1 stock split effected in June 2018):

Preferred Stock

(1) In June 2017, we sold an aggregate of 11,708,020 shares of our Series B convertible preferred stock to a total of four accredited investors at a purchase price of $0.81141 per share for an aggregate purchase price of $9,500,005.

(2) In June 2017, we issued an aggregate of 19,975,710 shares of our Series B convertible preferred stock to a total of three accredited investors upon the conversion of promissory notes and common stock.

(3) In March 2018, we sold an aggregate of 32,265,400 shares of our Series C-1 convertible preferred stock and 3,100,630 shares of our Series C-2 convertible preferred stock to a total of eight accredited investors at a purchase price of $1.44206 per share for an aggregate purchase price of $50,999,937.

(4) In November 2018, we sold an aggregate of 19,339,702 shares of our Series D convertible preferred stock to a total of seven accredited investors at a purchase price of $5.17071 per share for an aggregate purchase price of $99,999,991.

(5) In September 2019, we sold an aggregate of 21,224,214 shares of our Series E convertible preferred stock at a purchase price of $16.4906 per share to a total of fourteen accredited investors for an aggregate purchase price of $350,000,023, and issued 1,284,653 shares of our Series E-1 convertible preferred stock to one accredited investor upon conversion of a simple agreement for future equity, or SAFE, in the aggregate amount of $10,000,000.

(6) In January 2020, we issued an aggregate of 2,892,675 shares of our Series E convertible preferred stock in exchange for common stock held by an existing security holder in reliance on the exemption from registration afforded by Section 3(a)(9) of the Securities Act, as the securities were exchanged by us with our existing security holder exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange.

Simple Agreement for Future Equity

(7) In June 2019, we sold one SAFE for an aggregate purchase price of $10,000,000 to one accredited investor, which SAFE was converted into 1,284,653 shares of our Series E-1 convertible preferred stock in September 2019.

Notes

(8) In March 2017, we issued convertible promissory notes in the aggregate principal amount of $10,000,000 to one accredited investor. In June 2017, the full amount under the notes was converted into shares of our Series B convertible preferred stock.

(9) In November 2019, we issued a $100,000,000 floating rate senior secured note due 2024 to a lender in connection with our entry into a loan and security agreement.

Warrants

(10) In July 2016, we issued a warrant to purchase 500,000 shares of our Series A-3 Preferred Stock at an exercise price of $0.29 per share.

(11) In December 2017, we issued a warrant to purchase 97,960 shares of our Series B Preferred Stock at an exercise price of $0.81 per share.

(12) In November 2019, we issued a warrant to purchase 2,801,300 shares of our Class B common stock at an exercise price of $0.0001 per share. In September 2020, the warrant was amended to provide for the purchase of up to 2,778,608 shares of our Class B common stock.

Plan-Related Issuances

(13) From January 1, 2017 through the date of this registration statement, we granted to certain directors, officers, employees, consultants and other service providers options to purchase an aggregate of 24,032,594 shares of our Class B common stock under our 2015 Plan at exercise prices ranging from $0.036 to $12.87 per share.

(14) From January 1, 2017 through the date of this registration statement, we granted to certain directors, officers, employees, consultants and other service providers an aggregate of 160,051 RSUs to be settled in shares of our Class B common stock under our 2015 Plan.

(15) From January 1, 2017 through the date of this registration statement, we issued and sold an aggregate of 14,763,391 shares of our Class B common stock upon the exercise of options under our 2015 Plan, at exercise prices ranging from $0.019 to $7.25 per share.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended, as currently in effect.
3.2	Amended and Restated Bylaws of the Registrant, as currently in effect.
3.3*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be effective on the completion of this offering.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be effective on the completion of this offering.
4.1*	Form of Class A common stock certificate of the Registrant.
4.2	Fifth Amended and Restated Investors' Rights Agreement by and among the Registrant and certain of its stockholders, dated November 25, 2019.
4.3	Warrant to Purchase Stock by and between the Registrant and Silicon Valley Bank, dated July 7, 2016.
4.4*	Warrant to Purchase Stock by and between the Registrant and Silicon Valley Bank, dated December 20, 2017, as amended.
4.5	Form of Floating Rate Senior Secured Note Due 2024.
5.1*	Opinion of Cooley LLP.
10.1	Amended and Restated 2015 Equity Incentive Plan.
10.2	Form of Notice of Stock Option Grant and Stock Option Agreement under the Amended and Restated 2015 Equity Incentive Plan.
10.3	Form of Notice of Stock Option Exercise and Stock Option Exercise Agreement under the Amended and Restated 2015 Equity Incentive Plan.
10.4	Form of RSU Agreement under the Amended and Restated 2015 Equity Incentive Plan.
10.5	Loan and Security Agreement by and between Silicon Valley Bank and the Registrant, dated July 7, 2016, as amended.
10.6	Office Lease Agreement by and between Two25 Commons LLC and the Registrant, dated May 9, 2018, as amended.
10.7	Amended and Restated Term Loan Agreement by and among the Registrant, Caret Holdings, Inc., SunTrust Bank, and the lenders from time to time party thereto, dated November 25, 2019, as amended.
10.8	Note Purchase Agreement by and among the Registrant, Caret Holdings, Inc., Wilmington Trust, National Association, and the noteholders from time to time party thereto, dated November 25, 2019, as amended.
10.9*	Form of Indemnity Agreement entered into by and between the Registrant and each director and executive officer.
10.10*	Offer Letter by and between the Registrant and Alexander Timm, dated , 2020.
10.11*	Amended and Restated Offer Letter by and between the Registrant and Daniel Rosenthal, dated , 2020.
10.12*	Offer Letter by and between the Registrant and Daniel Manges, dated , 2020.
10.13*	Root, Inc. 2020 Equity Incentive Plan, and terms of agreements thereunder.
10.14*	Root, Inc. 2020 Employee Stock Purchase Plan.

21.1	List of subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

* To be filed by amendment.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbus, State of Ohio, on October 5, 2020.

ROOT, INC.

By: /s/ Alexander Timm
Alexander Timm
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alexander Timm and Daniel Rosenthal, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective on filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Alexander Timm Alexander Timm	Chief Executive Officer and Director *(Principal Executive Officer)*	October 5, 2020
/s/ Daniel Rosenthal Daniel Rosenthal	Chief Financial Officer and Director *(Principal Financial Officer)*	October 5, 2020
/s/ Megan Binkley Megan Binkley	Chief Accounting Officer *(Principal Accounting Officer)*	October 5, 2020
/s/ Elliot Geidt Elliot Geidt	Director	October 5, 2020
/s/ Nancy Kramer Nancy Kramer	Director	October 5, 2020
/s/ Christopher Olsen Christopher Olsen	Director	October 5, 2020
/s/ Nick Shalek Nick Shalek	Director	October 5, 2020
/s/ Doug Ulman Doug Ulman	Director	October 5, 2020

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ROOT STOCKHOLDINGS, INC.

Root Stockholdings, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Root Stockholdings, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on August 12, 2019, under the name Root Stockholdings, Inc.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Root Stockholdings, Inc. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 850 New Burton Rd., Ste. 201, Dover, County of Kent, Delaware 19904. The name of its registered agent at such address is Cogency Global Inc.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 266,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 167,066,455 shares of Preferred Stock, $0.0001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Amended and Restated Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Amended and Restated Certificate of Incorporation or pursuant to the General Corporation Law, There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Amended and Restated Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

Effective upon the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "**Effective Time**"), and without any further action by the holders of such shares, each share of the Corporation's Series C-I Preferred Stock, issued and outstanding (including treasury shares) immediately prior to the Effective Time, shall be reclassified into one (1) validly issued, fully-paid and nonassessable share of Series C Preferred Stock and shall represent one (1) share of Series C Preferred Stock from and after the Effective Time.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Series C-1 Preferred Stock that were issued and outstanding immediately prior to the Effective Time shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Series C Preferred Stock after the Effective time into which the shares formerly represented by such certificate shall have been reclassified; provided, however, that each person of record holding a certificate that represented shares of Series C-1 Preferred Stock that were issued and outstanding immediately prior to the Effective Time shall receive, upon surrender of such certificate, a new certificate evidencing and representing the number of whole shares of Series C Preferred Stock after the Effective Time into which the shares of Series C-1 Preferred Stock formerly represented by such certificate shall have been reclassified.

From and after the Effective Time, 15,949,360 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-1 Preferred Stock**," 13,602,870 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-2 Preferred Stock**," 10,947,860 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-3 Preferred Stock**" (collectively with the Series A-1 Preferred Stock and the Series A-2 Preferred Stock, the "**Series A Preferred Stock**"), 41,771,690 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series B Preferred Stock**," 35,366,030 shares of the authorized Preferred Stock of the Corporation are hereby

designated "**Series C Preferred Stock**," 19,339,702 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series D Preferred Stock**," 28,804,290 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series E Preferred Stock**," and 1,284,653 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series E-1 Preferred Stock**" each with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Amended and Restated Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Original Issue Price (as defined below); provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Preferred Stock dividend. The "**Series A-1 Original Issue Price**" shall mean $0.03135 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock. The "**Series A-2 Original Issue Price**" shall mean $0.11027 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-2 Preferred Stock. The "**Series A-3 Original Issue Price**" shall mean $0.28714 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-3 Preferred Stock. The "**Series B Original Issue Price**" shall mean $0.81141 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock. The "**Series C Original Issue Price**" shall mean $1.44206 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock. The "**Series D Original Issue Price**" shall mean $5.17071 per share,

subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock. The "**Series E Original Issue Price**" shall mean $16.4906 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. The "**Series E-1 Original Issue Price**" shall mean $7.7842 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E-1 Preferred Stock. The "**Original Issue Price**" shall mean the Series A-1 Original Issue Price with respect to the Series A-1 Preferred Stock, the Series A-2 Original Issue Price with respect to the Series A-2 Preferred Stock, the Series A-3 Original Issue Price with respect to the Series A-3 Preferred Stock, the Series B Original Issue Price with respect to the Series B Preferred Stock, the Series C Original Issue Price with respect to the Series C Preferred Stock, the Series D Original Issue Price with respect to the Series D Preferred Stock, the Series E Original Issue Price with respect to the Series E Preferred Stock and the Series E-1 Original Issue Price with respect to the Series E-1 Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, on a *pari passu* basis, an amount per share equal to the greater of (i) one (1) times the applicable Original Issue Price, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of the applicable series of Preferred Stock then outstanding been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Liquidation Amount**"). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" with respect to (x) the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock unless, with respect to each such series and subseries, the holders of a majority of such series or subseries of Preferred Stock (voting separately) elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event and (y) the Series E Preferred Stock and Series E-1 Preferred unless, with respect to such series, the holders of at least 70% of such Series E Preferred Stock and Series El Preferred Stock (voting together as a single class on an as-converted basis) elect other by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets or intellectual property of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets or intellectual property of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Preferred Stock, and (iii) if the holders of at least a majority of the outstanding shares of Preferred Stock voting together as a single class and on an as converted basis (the "**Requisite Holders**"), so request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall ratably redeem each holder's shares of Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The provisions of Section 6 shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Preferred Stock pursuant to this Subsection 2.3.2(b). Prior to the distribution or redemption provided for in this Subsection 2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation, including at least two (2) Preferred Directors.

2.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any

Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Amended and Restated Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class on an as converted basis.

3.2 Election of Directors. The holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series A Director**"), the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series B Director**"), the holders of record of the shares of Series C Preferred Stock, exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the "**Series C Director**" and together with the Series A Director and the Series B Director, the "**Preferred Directors**"), and the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect three (3) directors of the Corporation, Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and Preferred Stock, voting as a single class on an as-converted basis, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class

or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2.

3.3 Preferred Stock Protective Provisions. At any time when shares of Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, and shall not allow any subsidiary to do any of the following without (in addition to any other vote required by law or the Amended and Restated Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of the Requisite Holders given in writing or by vote at a meeting, consenting or voting (as the case may be), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to any of the foregoing;

3.3.2 sell, assign, license, pledge, or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business;

3.3.3 amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation;

3.3.4 create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock, or increase the authorized number of shares of Preferred Stock (or any series thereof) or Common Stock or increase the authorized number of shares of any additional class or series of capital stock, in each case except for capital stock of the Corporation that is *pari passu* with the Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption;

3.3.5 (i) other than in connection with the Exchange, reclassify, alter or amend any existing security of the Corporation that is *pari passu* with any series of Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to any series of Preferred Stock in respect of any such right, preference, or privilege or (ii) other than in connection with the Exchange, reclassify, alter or amend any existing security of the Corporation that is junior to any series of Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with any series of Preferred Stock in respect of any such right, preference or privilege;

3.3.6 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock, (iii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof, or (iv) purchases pursuant to certain tender offers initiated by the Corporation through the date that is one year from the Series E Original Issue Date as agreed between the Corporation and certain holders of Series E Preferred Stock;

3.3.7 create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $100,000 unless such debt security has received the prior approval of the Board of Directors, including at least two (2) Preferred Directors;

3.3.8 guarantee, directly or indirectly, or permit any subsidiary to guarantee, directly or indirectly, any indebtedness in excess of $100,000 except for trade accounts of the Corporation or any subsidiary arising in the ordinary course of business;

3.3.9 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

3.3.10 otherwise enter into or be a party to any transaction with any director, officer, or employee of the Corporation or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such Person, including without limitation any "management bonus" or similar plan providing payments to employees in connection with a Deemed Liquidation Event, except for transactions made in the ordinary course of business and pursuant to reasonable requirements of the Corporation's business and upon fair and reasonable terms that are approved by a majority of the Board of Directors, including at least two (2) Preferred Directors;

3.3.11 (i) the sale, issuance or distribution of any Corporation-created digital tokens, coins, cryptocurrency or other blockchain-based assets (collectively, "**Tokens**") for fundraising purposes, including through an initial coin offering, token distribution event or crowdfunding, or through the issuance of any instrument convertible into or exchangeable for Tokens; or (ii) development of a computer network or other resources to either generate Tokens or permit the generation, sale or distribution of Tokens for fundraising purposes;

3.3.12 increase the number of shares available for issuance under any equity incentive or similar plan of the Corporation or create, adopt or amend any current, new or other equity incentive or similar plan of the Corporation

3.3.13 following the Series E Original Issue Date, grant more than 5,533,470 shares of Common Stock or other incentive equity pursuant to (i) any equity incentive plan or (ii) to service providers outside of an equity incentive plan for the primary purpose of soliciting or retaining their services; or

3.3.14 increase or decrease the authorized number of directors constituting the Board of Directors.

3.4 Series C Preferred Stock Protective Provisions. At any time when shares of Series C Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, and shall not allow any subsidiary to do any of the following without (in addition to any other vote required by law or the Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of at least a majority of the outstanding shares of Series C Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.4.1 increase the authorized number of shares of Series C Preferred Stock; or

3.4.2 reclassify, alter or amend any right, preference, or privilege of the Series C Preferred Stock, including taking any action to amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation to effect the foregoing (provided, however, that no vote or consent of the Series C Preferred Stock, voting as a separate class, will be required pursuant to this Section 3.4.2 for the authorization or issuance of a new series of senior or *pari passu* preferred stock by the Corporation).

3.5 Series D Preferred Stock Protective Provisions. At any time when shares of Series D Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, and shall not allow any subsidiary to do any of the following without (in addition to any other vote required by law or the Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of at least a majority of the outstanding shares of Series D Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.5.1 increase the authorized number of shares of Series D Preferred Stock; or

3.5.2 reclassify, alter or amend any right, preference, or privilege of the Series D Preferred Stock, including taking any action to amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation to effect the foregoing (provided, however, that no vote or consent of the Series D

Preferred Stock, voting as a separate class, will be required pursuant to this Section 3.5.2 for the authorization or issuance of a new series of senior or *pari passu* preferred stock by the Corporation).

3.6 Series E Preferred Stock Protective Provisions. At any time when shares of Series E Preferred Stock or Series E-1 Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, and shall not allow any subsidiary to do any of the following without (in addition to any other vote required by law or the Amended and Restated Certificate of Incorporation) the written consent or affirmative vote of at least 70% of the outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as a single class on an as-converted basis), given in writing or by vote at a meeting, consenting or voting (as the case may be), and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.6.1 increase the authorized number of shares of Series E Preferred Stock; or

3.6.2 reclassify, alter or amend any right, preference, or privilege of the Series E Preferred Stock or Series E-1 Preferred Stock, including taking any action to amend, alter or repeal any provision of the Amended and Restated Certificate of Incorporation or Bylaws of the Corporation (provided, however, that no vote or consent of the Series E Preferred Stock and Series E-1 Preferred Stock, voting as a separate class, will be required pursuant to this Section 3.6.2 for the authorization or issuance of a new series of pari passu preferred stock by the Corporation).

4. Optional Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the Original Issue Price by the applicable Conversion Price (as defined below) in effect at the time of conversion. The "**Series A-1 Conversion Price**" shall initially be equal to the Series A-1 Original Issue Price, the "**Series A-2 Conversion Price**" shall initially be equal to the Series A-2 Original Issue Price, the "**Series A-3 Conversion Price**" shall initially be equal to the Series A-3 Original Issue Price, the "**Series B Conversion Price**" shall initially be equal to the Series B Original Issue Price, the "**Series C Conversion Price**" shall initially be equal to the Series C Original Issue Price, the "**Series D Conversion Price**" shall initially be equal to the Series D Original Issue Price, the "**Series E Conversion Price**" shall initially be equal to the Series E Original Issue Price and the "**Series E-1 Conversion Price**" shall initially be equal to the Series E-1 Conversion Price. The Series A-1 Conversion Price, the Series A-2 Conversion Price, the Series A-3 Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price and the Series E-1 Conversion Price are sometimes hereinafter

referred to individually as the "**Conversion Price**" with respect to the series of Preferred Stock to which it relates. Such initial Conversion Price, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a notice of redemption of any shares of Preferred Stock pursuant to Section 6, the Conversion Rights of the shares designated for redemption shall terminate at the close of business on the last full day preceding the date fixed for redemption, unless the redemption price is not fully paid on such redemption date, in which case the Conversion Rights for such shares shall continue until such price is paid in full. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent). Such notice shall state such holder's name or the names of the nominees in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion**

Time"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when the Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Amended and Restated Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the applicable Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the applicable Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of

Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Series E Original Issue Date**" shall mean the date on which the first share of Series E Preferred Stock was issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Series E Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on Preferred Stock, as a result of any exchange by the Corporation of Common Stock or other capital stock or convertible securities of the Corporation for Series E Preferred Stock as agreed by the Corporation and certain holders of Series E Preferred Stock (the "**Exchange**") or pursuant to any instrument issued after the Series E Original Issue Date and in connection with a direct listing of the Corporation pursuant to a contractual arrangement between the Corporation and certain holders of Series E Preferred Stock existing on the Series E Original Issue Date;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8;

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including at least two (2) Preferred Directors;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation, including at least two (2) Preferred Directors;

(vi) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the approved by the Board of Directors of the Corporation, including at least two (2) Preferred Directors;

(vii) shares of Common Stock, Options or Convertible Securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the

assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the approved by the Board of Directors of the Corporation, including at least two (2) Preferred Directors;

(viii) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board of Directors of the Corporation, including at least two (2) Preferred Directors; or

(ix) Common Stock issuable pursuant to a Qualified IPO (as defined below).

4.4.2 No Adjustment of Conversion Price. With respect to any series of Preferred Stock, no adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of such series of Preferred Stock (voting separately) or, with respect to the Series E Preferred Stock and Series E-1 Preferred Stock, holders of at least 70% of the then outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as a single class on an as-converted basis), agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Series E Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other

adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the applicable Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series E Original Issue Date), are revised after the Series E Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4, the applicable Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to

adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series E Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the applicable Conversion Price of any series of Preferred Stock in effect immediately prior to such issue, then the applicable Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the applicable Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP_1" shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CPI (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CPI); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation, including at least two (2) Preferred Directors; and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation, including at least two (2) Preferred Directors.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the

exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the applicable Conversion Price pursuant to the terms of Subsection 4.4.4 then, upon the final such issuance, the applicable Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series E Original Issue Date effect a subdivision of the outstanding Common Stock, the Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series E Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series E Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date

shall have been fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series E Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section

4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock, For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the Delaware General Corporation Law in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of Preferred Stock in any such appraisal proceeding.

4.9 Initial Public Offering. In the event that the initial public offering of the Corporation's Common Stock (the "**IPO**") results in an initial price per share to the public for the Corporation's Common Stock as set forth in the prospectus for such IPO (the "**IPO Price**") that is less than $24.7359 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock (the "**Target Price**"), then the then-existing Series E Conversion Price shall be adjusted so that, as of immediately prior to the completion of such IPO, each share of Series E Preferred Stock shall convert into (a) the number of shares of Common Stock issuable upon conversion of such share of Series E Preferred Stock pursuant to the other provisions of this Subsection 4; and (b) an additional number of shares of Common Stock equal to (x) the difference between the Target Price and the IPO Price *divided by* (y) the IPO Price.

4.10 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the applicable series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the applicable series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Preferred Stock.

4.11 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon (a) with respect to all outstanding shares of Preferred Stock, the closing of the sale of shares of Common Stock to the public, in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $75 million of proceeds, net of the underwriting discount and commissions, to the Corporation (the time of such closing is referred to herein as the "**Preferred Stock Mandatory Conversion Time**" and such public offering, the "**Qualified IPO**"), (b) with respect to all outstanding shares of Series A Preferred Stock and Series B Preferred Stock, the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least 65% of the then outstanding shares of Series A Preferred Stock and Series B Preferred Stock, voting exclusively as a single class and on an as-converted basis (the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Other Preferred Stock Mandatory Conversion Time**"), (c) with respect to all outstanding shares of Series C Preferred Stock, the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, voting exclusively as a single class and on an as-converted basis (the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series C Preferred Stock Mandatory Conversion Time**"), (d) with respect to all outstanding shares of Series D Preferred Stock, the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, voting exclusively as a single class and on an as-converted basis (the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series D Preferred Stock Mandatory Conversion Time**"), and (e) with respect to all outstanding shares of Series E Preferred Stock and Series E-I Preferred Stock, the date and time, or the occurrence

of an event, specified by vote or written consent of the holders of at least 70% of the then outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock, voting exclusively as a single class and on an as-converted basis (the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Series E Preferred Stock Mandatory Conversion Time**" and together with each of the Preferred Stock Mandatory Conversion Time, Other Preferred Stock Mandatory Conversion Time, Series C Preferred Stock Mandatory Conversion Time and Series D Preferred Stock Mandatory Conversion Time, each a "**Mandatory Conversion Time**"), then (i) all outstanding shares of such applicable series of Preferred Stock corresponding to the applicable foregoing Mandatory Conversion Time shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1, and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of the shares of Preferred Stock to be converted to Common Stock thereon pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock that are to be converted on the Mandatory Conversion Time shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to such Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for such Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Redemption.

6.1 General. Unless prohibited by Delaware law governing distributions to stockholders, shares of a series of Preferred Stock shall be redeemed by the Corporation at a price equal to the greater of (A) the Original Issue Price per share, plus all declared but unpaid dividends thereon and (B) the Fair Market Value (determined in the manner set forth below) of a single share of such series of Preferred Stock as of the date of the Corporation's receipt of the Redemption Request (the "**Redemption Price**"), in three (3) annual installments commencing not more than sixty (60) days after receipt by the Corporation at any time on or after the seven (7) year anniversary of the Series E Original Issue Date, from the Requisite Holders of written notice requesting redemption of all shares of Preferred Stock (the "**Redemption Request**"). Upon receipt of a Redemption Request, the Corporation shall apply all of its assets to any such redemption, and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders. For purposes of this Subsection 6.1, the Fair Market Value of a single share of such series of Preferred Stock shall be the value of a single share of such series of Preferred Stock as mutually agreed upon by the Corporation and the Requisite Holders and, in the event that they are unable to reach agreement, by a third-party appraiser agreed to by the Corporation and the holders of a majority of the shares of such series of Preferred Stock then outstanding. The date of each such installment shall be referred to as a "**Redemption Date**." On each Redemption Date, the Corporation shall redeem, on a pro rata basis in accordance with the number of shares of such series of Preferred Stock owned by each holder, that number of outstanding shares of such series of Preferred Stock determined by dividing (i) the total number of shares of such series of Preferred Stock outstanding immediately prior to such Redemption Date by (ii) the number of remaining Redemption Dates (including the Redemption Date to which such calculation applies); provided, however, that the Other Excluded Shares (as such term is defined in Subsection 6.2) shall not be redeemed and shall be excluded from the calculations set forth in this sentence. If on any Redemption Date Delaware law governing distributions to stockholders prevents the Corporation from redeeming all shares of such series of Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares that it may redeem consistent with such law, and shall redeem the remaining shares as soon as it may lawfully do so under such law.

6.2 Redemption Notice. The Corporation shall send written notice of the mandatory redemption (the "**Redemption Notice**") to each holder of record of the applicable series of Preferred Stock not less than forty (40) days prior to each Redemption Date. Each Redemption Notice shall state:

(a) the number of shares of Preferred Stock held by the holder that the Corporation shall redeem on the Redemption Date specified in the Redemption Notice;

(b) the Redemption Date and the Redemption Price;

(c) the date upon which the holder's right to convert such shares terminates (as determined in accordance with Subsection 4.1); and

(d) for holders of shares in certificated form, that the holder is to surrender to the Corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares of Preferred Stock to be redeemed.

If the Corporation receives, on or prior to the twentieth (20th) day after the date of delivery of the Redemption Notice to a holder of Preferred Stock, written notice from such holder that such holder elects to be excluded from the redemption provided in this Section 6, then the shares of Preferred Stock registered on the books of the Corporation in the name of such holder at the time of the Corporation's receipt of such notice shall thereafter be "**Other Excluded Shares**." Other Excluded Shares shall not be redeemed or redeemable pursuant to this Section 6, whether on such Redemption Date or thereafter.

6.3 Surrender of Certificates; Payment. On or before the applicable Redemption Date, each holder of shares of Preferred Stock to be redeemed on such Redemption Date, unless such holder has exercised his, her or its right to convert such shares as provided in Section 4, shall, if a holder of shares in certificated form, surrender the certificate or certificates representing such shares (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof. In the event less than all of the shares of Preferred Stock represented by a certificate are redeemed, a new certificate, instrument, or book entry representing the unredeemed shares of Preferred Stock shall promptly be issued to such holder.

6.4 Rights Subsequent to Redemption. If the Redemption Notice shall have been duly given, and if on the applicable Redemption Date the Redemption Price payable upon redemption of the shares of Preferred Stock to be redeemed on such Redemption Date is paid or tendered for payment or deposited with an independent payment agent so as to be available therefor in a timely manner, then notwithstanding that any certificates evidencing any of the shares of Preferred Stock so called for redemption shall not have been surrendered, dividends with respect to such shares of Preferred Stock shall cease to accrue after such Redemption Date and all rights with respect to such shares shall forthwith after the Redemption Date terminate, except only the right of the holders to receive the Redemption Price without interest upon surrender of any such certificate or certificates therefor.

7. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following redemption.

8. Waiver. Except as otherwise set forth herein, any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be amended or waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the

Requisite Holders; provided, however, that the rights, powers, preferences and other terms of the Series C Preferred Stock set forth herein may only be amended or waived on behalf of all holders of Series C Preferred Stock by the affirmative written consent or vote of at least a majority of the outstanding shares of Series C Preferred Stock; provided further, however, that the rights, powers, preferences and other terms of the Series D Preferred Stock set forth herein may only be amended or waived on behalf of all holders of Series D Preferred Stock by the affirmative written consent or vote of at least a majority of the outstanding shares of Series D Preferred Stock; provided further, however, that the rights, powers, preferences and other terms of the Series E Preferred Stock and Series E-1 Preferred Stock set forth herein may only be amended or waived on behalf of all holders of Series E Preferred Stock and Series E-1 Preferred Stock by the affirmative written consent or vote of at least 70% of the outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as a single class on an as-converted basis).

9. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by the Amended and Restated Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by the Amended and Restated Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, 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. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation

with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, 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, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article Tenth, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article Tenth or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article Tenth is not paid in full within thirty (30) days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, 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, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys'

fees) reasonably incurred by such person in connection with such Proceeding, The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorneys' fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article Tenth shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of this Amended and Restated Certificate of Incorporation, the Corporation's bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article Tenth; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article Tenth.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter,

transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

TWELFTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

* * *

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

[Signature Page Follows]

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 5th day of September, 2019.

/s/ Alexander E Timm

Alexander E. Timm, CEO

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ROOT STOCKHOLDINGS, INC.

Root Stockholdings, Inc. (the **"Corporation"**), organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify as follows:

The Board of Directors of the Corporation duly adopted, pursuant to Sections 141(f) and 242 of the General Corporation Law of Delaware, a resolution setting forth an amendment to the Amended and Restated Certificate of Incorporation of the Corporation and declaring said amendment to be advisable. The stockholders of the Corporation duly approved said proposed amendment by written consent in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware. The resolution setting forth the amendment is as follows:

RESOLVED: That the Amended and Restated Certificate of Incorporation of the Corporation (the "**Restated Certificate**") be amended as follows:

1. That the first sentence of Article FOURTH of the Restated Certificate be and hereby is deleted in its entirety and the following is inserted in lieu thereof:

   "FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 269,000,000 shares of Common Stock, $0.0001 par value per share **("Common Stock")** and (ii) 169,959,130 shares of Preferred Stock, $0.0001 par value per share **("Preferred Stock")."**

2. That the first sentence of the third paragraph of Part B of Article FOURTH of the Restated Certificate be and hereby is deleted in its entirety and the following is inserted in lieu thereof:

   "From and after the Effective Time, 15,949,360 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-1 Preferred Stock**," 13,602,870 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-2 Preferred Stock**," 10,947,860 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series A-3 Preferred Stock**" (collectively with the Series A-1 Preferred Stock and the Series A-2 Preferred Stock, the "**Series A Preferred Stock**"), 41,771,690 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series B Preferred Stock**," 35,366,030 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series C Preferred Stock**," 19,339,702 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series D Preferred Stock**," 31,696,965 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series E Preferred Stock**," and 1,284,653 shares of the authorized Preferred Stock of the Corporation are hereby designated "**Series E-1 Preferred Stock**" each with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations."

* * *

IN WITNESS WHEREOF, this Certificate of Amendment has been executed by a duly authorized officer of the Corporation on this 9th day of March, 2020.

ROOT STOCKHOLDINGS, INC.

By: /s/ Alexander E Timm

Alexander E. Timm, CEO

CERTIFICATE OF AMENDMENT
TO THE AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF ROOT STOCKHOLDINGS, INC.

Root Stockholdings, Inc. (the "**Corporation**"), organized and existing under and by virtue of the General Corporation Law of the State of Delaware ("**DGCL**"), does hereby certify as follows:

FIRST: The name of this corporation prior to any changes effected by this Certificate of Amendment was Root Stockholdings, Inc., and the Corporation was originally incorporated pursuant to the DGCL on August 12, 2019, under the name Root Stockholdings, Inc..

SECOND: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the DGCL, adopted resolutions to amend the Amended and Restated Certificate of Incorporation of the Corporation (the "**Restated Certificate**") as follows:

Article FIRST of the Restated Certificate is hereby amended and restated to read in its entirety as follows:

"The name of this corporation is Root, Inc. (the "**Corporation**")."

The second sentence of Article FOURTH, Section B, Subsection 4.1.1 of the Restated Certificate is hereby amended and restated to read in its entirety as follows:

> "The "**Series A-1 Conversion Price**" shall initially be equal to the Series A-1 Original Issue Price, the "**Series A-2 Conversion Price**" shall initially be equal to the Series A-2 Original Issue Price, the "**Series A-3 Conversion Price**" shall initially be equal to the Series A-3 Original Issue Price, the "**Series B Conversion Price**" shall initially be equal to the Series B Original Issue Price, the "**Series C Conversion Price**" shall initially be equal to the Series C Original Issue Price, the "**Series D Conversion Price**" shall initially be equal to the Series D Original Issue Price, the "**Series E Conversion Price**" shall initially be equal to the Series E Original Issue Price and the "**Series E l Conversion Price**" shall initially be equal to the Series E-1 Original Issue Price."

THIRD: Thereafter, pursuant to a resolution by the Board of Directors of the Corporation, this Certificate of Amendment was submitted to, and approved by, the stockholders of the Corporation in accordance with the provisions of Sections 228 and 242 of the DGCL.

IN WITNESS WHEREOF, this Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Root Stockholdings, Inc. has been executed by a duly authorized officer of the Corporation on this 16th day of September, 2020.

By: /s/ *Alexander E. Timm*
Alexander E. Timm, CEO

BYLAWS

OF

ROOT, INC.

Adopted: August 12, 2019

BYLAWS
Root, Inc.

ARTICLE I
Stockholders

Section 1.1 Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors, or by a committee of the Board of Directors which has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings, but such special meetings may not be called by any other person or persons.

Section 1.3 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by applicable law or the Certificate of Incorporation, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation.

Section 1.4 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5 Quorum. At each meeting of stockholders, except where otherwise provided by law or the Certificate of Incorporation or these Bylaws, the holders of a majority of the outstanding shares of stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum. In the absence of a quorum, the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.4 of these Bylaws until a quorum shall attend. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the absence of such person, the President, or in his or her absence by a Vice President, or in the absence of the foregoing persons, by a chairman designated by the Board of Directors, or in the absence of such designation, by a chairman chosen at the meeting. The Secretary shall act as

secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7 Voting; Proxies. Unless otherwise provided by law or the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Unless otherwise required by law, voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the Board of Directors, or holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting shall so determine. At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. All other elections and questions shall, unless otherwise provided by law or by the Certificate of Incorporation or these Bylaws, be decided by the vote of the holders of a majority of the outstanding shares of stock entitled to vote thereon present in person or by proxy at the meeting.

Section 1.8 Fixing Date for Determination of Stockholders of Record.

(a.) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date such record date is fixed and shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given. The record date for any other purpose other than stockholder action by written consent shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b.) 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 ten (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 ten (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 ten (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 the State of Delaware, its principal place of business, or 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 1.9 List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 1.10 Action by Written Consent of Stockholders. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II
Board of Directors

Section 2.1 Number; Qualifications. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. The initial number of directors shall be seven (7), and thereafter shall be fixed from time to time by resolution of the Board of Directors. Directors need not be stockholders.

Section 2.2 Election; Resignation; Removal; Vacancies. The Board of Directors shall initially consist of the persons elected as such by the incorporator or named in the Corporation's Certificate of Incorporation. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect Directors to replace those Directors whose terms then expire. Any Director may resign at any time upon written notice to the Corporation. Any director may be removed at any time, with or without cause, by a vote of the majority of the Board at any meeting at which a quorum is present. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the Board, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each Director so elected shall hold office until the expiration of the term of office of the Director whom he or she has replaced.

Section 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board of Directors.

Section 2.4 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally or in writing, by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile or similar communication method. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or 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 participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business. Except as otherwise provided in these Bylaws, or in the Certificate of Incorporation or required by law, the vote of a majority of the directors present shall be the act of the Board of Directors.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his or her absence by the Vice Chairman of the Board, if any, or in his or her absence by the President, or in their absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Written Action by Directors. Unless otherwise restricted by the Certificate of Incorporation, 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 such 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 2.9 Powers. The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2.10 Compensation of Directors. Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors.

ARTICLE III
Committees

Section 3.1 Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the 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. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the Delaware General Corporation Law, fix any of the preferences or rights of such shares, except voting rights of the shares), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these Bylaws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV
Officers

Section 4.1 Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall choose a President and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, a Chief Executive Officer, and a Chief Operating Officer. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding this election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.2 Powers and Duties of Executive Officers. The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the

control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties. In the absence of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board of Directors may delegate, for the time being, the powers or duties, or any of them, of such officers to any other officer or to any Director.

Section 4.3 Compensation. The salaries of all officers and agents of the Corporation shall be fixed from time to time by the Board of Directors or by a committee appointed or officer designated for such purpose, and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a director of the Corporation.

ARTICLE V
Stock

Section 5.1 Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation, certifying the number of shares owned by him or her in the Corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have 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 or she were such officer, transfer agent, or registrar at the date of issue.

Section 5.2 Registration of Transfer. Any certificate for shares of the Corporation shall be transferable in person or by attorney upon the surrender thereof to the Corporation or any transfer agent therefor (for the class of shares represented by the certificate surrendered) properly endorsed for transfer and accompanied by such assurances as the Corporation or such transfer agent may require as to the genuineness and effectiveness of each necessary endorsement.

Section 5.3 Lost. Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his or her legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.4 Registered Stockholders. A person in whose name shares are of record on the books of the Corporation shall conclusively be deemed the unqualified owner and holder thereof for all purposes and to have capacity to exercise all rights of ownership. Neither the Corporation nor any transfer agent of the Corporation shall be bound to recognize any equitable interest in or claim to such shares on the part of any other person, whether disclosed upon such certificate or otherwise, nor shall they be obliged to see to the execution of any trust or obligation.

ARTICLE VI
Indemnification

Section 6.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended in a manner more favorable to indemnitees, any person (an “Indemnitee”) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal,

administrative or investigative (a "proceeding"), by reason of the fact that he, she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, 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, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnitee. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.3, the Corporation shall be required to indemnify an Indemnitee in connection with a proceeding (or part thereof) commenced by such Indemnitee only if the commencement of such proceeding (or part thereof) by the Indemnitee was authorized by the Board of Directors of the Corporation.

Section 6.2 Determination of Conduct. Any indemnification under Section 1 of this Article VI, unless ordered by a court, shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 145 of the Delaware General Corporation Law. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors of the Corporation who were not parties to such action, suit, or proceeding, or (b) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in written opinion, or (c) by the stockholders.

Section 6.3 Prepayment of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnitee in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Indemnitee to repay all amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified under this Article VI or otherwise; and *provided, further,* that the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a proceeding, alleging that such person has breached his or her duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.4 Claims. If a claim for indemnification or payment of expenses under this Article VI is not paid in full within sixty (60) days after a written claim therefor by the Indemnitee has been received by the Corporation, the Indemnitee may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnitee is not entitled to the requested indemnification or payment of expenses under applicable law.

Section 6.5 Nonexclusivity of Rights. The rights conferred on any Indemnitee by this Article VI shall not be exclusive of any other rights which such Indemnitee may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.6 Other Sources. The Corporation's obligation, if any, to indemnify or to advance expenses to any Indemnitee who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by

any amount such Indemnitee may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or nonprofit enterprise.

Section 6.7 Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any Indemnitee in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 6.8 Other Indemnification and Prepayment of Expenses. This Article VI shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Indemnitees when and as authorized by appropriate corporate action. The Board of Directors is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.9 Continuation of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6.10 Effect of Amendment. Any amendment, repeal or modification of any provision of this Article VI shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

Section 6.11 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become 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 him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VI.

Section 6.12 Savings Clause. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director and officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to

the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE VII
Miscellaneous

Section 7.1 Fiscal Year. The fiscal year of the Corporation shall end on the last day in December in each year or on such other date as may be fixed from time to time by the Board of Directors.

Section 7.2 Seal. The Board of Directors may provide a suitable seal containing the name of the Corporation. If deemed advisable by the Board of Directors, duplicate seals may be provided and kept for the purposes of the Corporation.

Section 7.3 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 7.4 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (a) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (b) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of any information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 7.6 Reliance Upon Books and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon records of the Corporation and upon such

information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 7.7 Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Corporation's Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 7.8 Amendments. Stockholders of the Corporation holding a majority of the Corporation's outstanding voting stock shall have power to adopt, amend or repeal Bylaws. To the extent provided in the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation shall also have the power to adopt, amend or repeal Bylaws of the Corporation, except insofar as Bylaws adopted by the stockholders shall otherwise provide.

Exhibit 4.2

Execution

FIFTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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FIFTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS FIFTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 25th day of November, 2019, by and among Root Stockholdings, Inc., a Delaware corporation (the "**Company**"), each of the Investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**" and any holder of a Lender Warrant (as defined below) that becomes a party to this Agreement in accordance with Section 6.15 hereof.

RECITALS

WHEREAS, the Investors hold shares of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and/or shares of Common Stock issued upon conversion thereof and possess registration rights, information rights, rights of first offer, and other rights pursuant to a Fourth Amended and Restated Investors' Rights Agreement dated as of September 6, 2019, between the Company and such Investors (the "**Prior Agreement**"); and

WHEREAS, the undersigned Investors are holders of at least a majority of the Registrable Securities (as defined in the Prior Agreement) outstanding and desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to them under the Prior Agreement; and

WHEREAS, pursuant to a Note Purchase Agreement, dated on or about the date hereof, by and between the Company and other parties thereto (the "**NPA**"), the Company intends to issue a warrant to DRD Contact, LLC (together with any of its Affiliates that hold any Lender Warrant or Lender Registrable Securities from time to time, "**Centerbridge**") and the closing conditions of such NPA are conditioned upon the execution and delivery of this Agreement.

NOW, THEREFORE, the Existing Investors hereby agree that the Prior Agreement shall be amended and restated, and the parties to this Agreement further agree as follows:

1. Definitions. For purposes of this Agreement:

1.1. "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

1.2. "**Board**" means the Company's board of directors.

1.3. "**Common Stock**" means shares of the Company's Common Stock, par value $0.0001 per share.

1.4. "**Competitor**" means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in the provision of automobile insurance, but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than twenty percent (20%) of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the board of directors of any Competitor, provided, however, Redpoint Omega II, L.P. and Redpoint Omega Associates II, LLC (together "**Redpoint**"), Ribbit Capital IV, L.P. and RT-E Ribbit Opportunity IV, LLC (together with their Affiliates, "**Ribbit**") and their Investor Beneficial Owners, Venture Overage Fund, L.P., Capital Partners III, L.P. Tiger Global Private Investment Partners XI, L.P., LFX Capital LLC, Alex Cook, DST Global VI, L.P. and its Affiliates ("**DST Global**") and Investor Beneficial Owners, Coatue US 17 LLC and its Affiliates ("**Coatue**") and Investor Beneficial Owners, shall not be considered a Competitor.

1.5. "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.6. "**Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

1.7. "**Direct Listing**" means the Company's initial listing of its Common Stock on a national securities exchange by means of a registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale. For the avoidance of doubt, a Direct Listing shall not be deemed to be an underwritten public offering of the Company's Common Stock registered under the Securities Act and shall not involve any underwriting services. Any and all mentions of an underwritten offering or underwriters contained herein shall not apply to a Direct Listing.

1.8. "**Direct Listing Price**" means the price per share for the Company's Common Stock released as of the day immediately preceding the Direct Listing by the exchange or electronic securities market on which the shares of the Company's capital stock are to be listed in the Direct Listing, whichever is applicable.

1.9. "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.10. "**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.11. "**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.12. "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.13. "**GAAP**" means generally accepted accounting principles in the United States.

1.14. "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.15. "**Immediate Family Member**" means, in relation to any natural Person, the spouse, parents, parents-in-law, descendants, ancestors, nephews, nieces, brothers, sisters, brothers-in-law, and sisters-in-law of such Person, and any other Person with whom such Person shares a household, other than a tenant or household employee.

1.16. "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.17. "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.18. "**Lender Registrable Securities**" means (a) the Common Stock issuable or issued upon the exercise of any Lender Warrant and (b) the Common Stock issuable or issued upon conversion of the Preferred Stock issuable or issued pursuant to the exercise of any Lender Warrant; *provided*, *however*, that before the holder of any Lender Warrant shall be entitled to exercise any rights under this Agreement, such holder must either (i) become a party to this Agreement as a "**Lender**" or (ii) agree to be bound by the terms of this Agreement related to registration rights applicable to the Lender Registrable Securities in a separate written agreement between such holder and the Company (including, without limitation, in a Lender Warrant).

1.19. "**Lender Warrant**" means any warrant to purchase shares of capital stock of the Company issued to banks, equipment lessors or other financial institutions pursuant to a debt financing or equipment leasing transaction where the Board has approved the grant to the holder thereof of "piggyback" registration rights.

1.20. "**Major Investor**" means any Investor that, individually or together with such Investor's Affiliates, holds at least 2,000,000 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.21. "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.22. "**Overallotment Pro Rata Portion**" means the proportion that (x) the Common Stock then held by a Fully Exercising Investor (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by such Fully Exercising Investor) bears to (y) the total Common Stock of the Company then held by all Fully Exercising Investors who wish to purchase unsubscribed shares pursuant to Section 4.1(b); provided that for purposes of calculating subsections (x) and (y) hereof, the number of shares of Common Stock held by Centerbridge shall not be deemed to be more than 963,647 shares (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.23. "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.24. "**Purchase Agreement**" means that certain Series E Preferred Stock Purchase Agreement dated as of September 6, 2019 between the Company and certain of the Investors.

1.25. "**Preferred Director**" means each of the Series A Director, the Series B Director and the Series C Director.

1.26. "**Preferred Stock**" means, collectively, shares of the Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series E-1 Preferred Stock.

1.27. "**Pro Rata Portion**" means the proportion that (x) the Common Stock then held by a ROFO Party (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by such ROFO Party) bears to (y) the total Common Stock of the Company then held by all ROFO Parties (including all shares of Common Stock issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Stock and any other Derivative Securities then held by all of the ROFO Parties); provided that for purposes of calculating subsections (x) and (y) hereof, the number of shares of Common Stock held by Centerbridge shall not be deemed to be more than 963,647 shares (as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the date hereof).

1.28. "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Preferred Stock, (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company acquired by the Investors after the date hereof (including the Warrants), (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above and (iv) the Lender Registrable Securities, provided, however, that such Lender Registrable Securities shall not be deemed Registrable Securities and the Lenders shall not be deemed Holders for the purposes of Sections 2.1, 2.10, 3.1, 3.2, 4, 6.1 and 6.6; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.29. "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.30. "**Restated Certificate**" means the Company's Fifth Amended and Restated Certificate of Incorporation, as amended and/or restated from time to time.

1.31. "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.12(b) hereof.

1.32. "**ROFO Party**" means (i) any Major Investor and (ii) Centerbridge for so long as it holds (x) that certain Warrant to Purchase Stock issued by the Company on or about the date hereof or (y) at least 481,823 Shares (as defined therein) issued upon exercise of the Warrant.

1.33. "**SEC**" means the Securities and Exchange Commission.

1.34. "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.35. "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.36. "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.37. "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

1.38. "**Series A Director**" means any director of the Company that the holders of record of the Series A Preferred Stock are entitled to elect pursuant to the Restated Certificate.

1.39. "**Series B Director**" means any director of the Company that the holders of record of the Series B Preferred Stock are entitled to elect pursuant to the Restated Certificate.

1.40. "**Series C Director**" means any director of the Company that the holders of record of the Series C-1 Preferred Stock are entitled to elect pursuant to the Restated Certificate.

1.41. "**Series A Preferred Stock**" means shares of the Company's Series A-1 Preferred Stock, par value $0.0001 per share, Series A-2 Preferred Stock, par value $0.0001 per share, and Series A-3 Preferred Stock, par value $0.0001 per share.

1.42. "**Series B Preferred Stock**" means shares of the Company's Series B Preferred Stock, par value $0.0001 per share.

1.43. "**Series C Preferred Stock**" means shares of the Company's Series C Preferred Stock, par value $0.0001 per share.

1.44. "**Series D Preferred Stock**" means shares of the Company's Series D Preferred Stock, par value $0.0001 per share.

1.45. "**Series E Preferred Stock**" means shares of the Company's Series E Preferred Stock, par value $0.0001 per share.

1.46. Series E-1 Preferred Stock" means shares of the Company's Series E-1 Preferred Stock, par value $0.0001 per share.

1.47. "**Target Price**" means $24.7359 per share, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock.

1.48.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of at least forty percent (40%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to at least forty percent (40%) of the Registrable Securities then outstanding, then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days

of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least ten percent (10%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $1 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Board it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than ninety (90) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such ninety (90) day period other than pursuant to a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a) (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two registrations pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to

take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of

Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering or (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to an additional sixty (60) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the

selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $75,000,of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in

respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in

connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of at least a majority of the Registrable Securities then outstanding enter into any agreement with any holder or prospective holder of any securities of the Company that would (i) provide to such holder the right to include securities in any registration on other than either a pro rata basis with respect to the Registrable Securities or on a subordinate basis after all Holders have had the opportunity to include in the registration and offering all shares of Registrable Securities that they wish to so include or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to any additional Investor who becomes a party to this Agreement in accordance with Subsection

6.9. This Section 2.10 shall not apply with respect to the grant of "**piggyback**" registration rights to a holder of a Lender Warrant.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for such offering or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 shall apply only to the IPO and shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement or to the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers, directors and stockholders individually owning more than one percent (1 %) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are subject to the same restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements.

2.12 Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities

held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be notated with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.
>
> THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "**no action**" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "**no action**" letter (x) in any transaction in compliance with SEC Rule 144; or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate

instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1 or 2.2 shall terminate upon the earlier to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Restated Certificate; and

(b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; and

(c) the fifth (5^{th}) anniversary of an IPO.

3. Information Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor:

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and a comparison between (x) the actual amounts as of and for such fiscal year and (y) the comparable amounts for the prior year and as included in the Budget (as defined in Subsection 3.1(d)) for such year, with an explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year- end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within thirty (30) days after the end of each month, unaudited statements of income and cash flows for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments; and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(d) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(e) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), approved by the Board and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(f) with respect to the financial statements called for in Subsection 3.1(a) and Subsection 3.1(b), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (except as otherwise set forth in Subsection 3.1(b)) and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(g) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as any Major Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit any Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties; examine its books of account

and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information Rights. The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first.

3.4 Confidentiality. Each Investor and Lender agrees that such Investor and Lender will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.4 by such Investor or Lender), (b) is or has been independently developed or conceived by the Investor or Lender without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor or Lender by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor or Lender may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor or Lender, if such prospective purchaser agrees to be bound by the provisions of this Subsection 3.4; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor or Lender in the ordinary course of business, provided that such Investor or Lender informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor or Lender promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.5 Warrant. In the event the Company elects to pursue a Direct Listing, it shall promptly notify each of DST and Coatue and, upon the reasonable request of DST and Coatue, the Company shall issue to each holder of Series E Preferred Stock (each, a "**Warrant Holder**") a warrant (collectively, the "**Warrants**") in a form acceptable to DST and Coatue that is net exercisable at an exercise price of $0.0001 per Share (as defined below) upon such Direct Listing for a number of Shares equal to (A) the number of shares of Common Stock issued or issuable upon the conversion of the Series E Preferred Stock held by the Warrant Holder as of immediately prior to the Direct Listing *multiplied by* (B) a number equal to (x) the difference between the Target Price and the Direct Listing Price *divided by* (y) the Direct Listing Price. For the avoidance of doubt, any Warrant issued pursuant to this Section 3.5 shall not be exercisable in an IPO (as defined in the Restated Certificate) or any other underwritten offering of the Company's capital stock that is not a Direct Listing. For U.S. Federal Income tax purposes, the Warrants shall be treated as part

of the conversion formula of the Series E Preferred Stock, and any shares of Common Stock issued upon exercise of the Warrants shall constitute an adjustment to the Series E Conversion Price (as defined in the Restated Certificate) of the Series E Preferred Stock. The parties hereto agree not to take any tax position inconsistent therewith, except to the extent required by a final determination pursuant to Section 1313(a) of the Internal Revenue Code of 1986, as amended. For purposes of this Section 3.5 and Section 4.1(d), "**Shares**" means Series E Preferred Stock or, if the Series E Preferred Stock has been converted to Common Stock prior to issuance of the Warrant, then shares of Common Stock issued or issuable upon conversion of the Series E Preferred Stock.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each ROFO Party. A ROFO Party shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself, (ii) its Affiliates and (iii) its beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such ROFO Party ("**Investor Beneficial Owners**"); provided that each such Affiliate or Investor Beneficial Owner (x) is not a Competitor, unless such party's purchase of New Securities is otherwise consented to by the Board, and (y) agrees to enter into this Agreement and each of the Fifth Amended and Restated Voting Agreement of even date herewith among the Company, the Investors and the other parties named therein and the Fourth Amended and Restated Right of First Refusal and Co-Sale Agreement, dated as of September 6, 2019, among the Company, the Investors and the other parties named therein, in each case as an "**Investor**" or "**Key Holder**", as applicable, under each such agreement (provided that any Competitor shall not be entitled to any rights as an Investor under Subsections 3.1, 3.2 and 4.1 hereof).

(a) The Company shall give notice (the "**Offer Notice**") to each ROFO Party, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each ROFO Party may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to its Pro Rata Portion of such New Securities. At the expiration of such twenty (20) day period, the Company shall promptly notify each ROFO Party that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other ROFO Party's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which ROFO Parties were entitled to subscribe but that were not subscribed for by the ROFO Parties which is equal to its Overallotment Pro Rata Portion. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the ROFO Parties in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Restated Certificate); (ii) shares of Common Stock issued in the IPO; (iii) the issuance of shares of Series E Preferred Stock pursuant to the Purchase Agreement or pursuant to the Exchange (as defined in the Right of First Refusal and Co-Sale Agreement (as defined in the Purchase Agreement)); and (iv) the issuance of the Shares.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first.

5. Additional Covenants.

5.1 Insurance. The Company shall use its commercially reasonable efforts to maintain from financially sound and reputable insurers directors and officers liability insurance in an amount and on terms and conditions satisfactory to the Board, including the Series B Director and the Series C Director, until such time as the Board, including the Series B Director and the Series C Director, determines that such insurance should be discontinued; provided, however, for so long as a Preferred Director is serving on the Board, the Company shall not cease to maintain a Directors and Officers liability insurance policy in an amount of at least two (2) million dollars unless approved by each Preferred Director; provided further that the Company shall annually, within one hundred twenty (120) days after the end of each fiscal year of the Company, deliver to the Preferred Directors a certification that such a directors and officers liability insurance policy remains in effect. The Company shall use its commercially reasonable efforts to maintain from financially sound and reputable insurers term "**key-person**" insurance on Alexander Timm and Dan Manges, in an amount and on terms and conditions satisfactory to the Board. Such key-person policies shall name the Company as loss payee, and neither policy shall be cancelable by the Company without the prior approval by the Board, including the Preferred Directors.

5.2 Employee Agreements. The Company will cause each person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) to enter into a proprietary rights assignment agreement; and nonsolicitation agreement, in the form attached hereto as Exhibit A. In addition, the Company shall not amend, modify, terminate, waive, or otherwise alter, in whole or in part, any of the above-referenced agreements or any restricted stock agreement between the Company and any employee, without the consent of at least a majority of the Preferred Directors.

5.3 Employee Stock. Unless otherwise approved by the Board, including at least a majority of the Preferred Directors, all future employees and consultants of the Company who purchase, receive options to purchase, or receive awards of shares of the Company's capital stock after the date hereof shall be required to execute restricted stock or option agreements, as applicable, providing for (i) vesting of shares over a four (4) year period, with the first twenty- five percent (25 %) of such shares vesting following twelve (12) months of continued employment or service, and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, without any acceleration of vesting upon a specified event unless such acceleration is approved by the Board, including at least a majority of the Preferred Directors, and (ii) a market stand-off provision substantially similar to that in Subsection 2.11. In addition, unless otherwise approved by the Board, including at least a majority of the Preferred Directors, the Company shall retain a "right of first refusal" on employee transfers until the IPO and shall have the right to repurchase unvested shares at cost upon termination of employment of a holder of restricted stock.

5.4 Board Matters. Unless otherwise determined by the vote of a majority of the directors then in office, including at least a majority of the Preferred Directors, the Board shall meet at least quarterly in accordance with an agreed-upon schedule. The Company shall reimburse the nonemployee directors for all reasonable out-of-pocket travel expenses incurred (consistent with the Company's travel policy) in connection with attending meetings of the Board. In the event the Company establishes any committee of the Board, each Preferred Director shall be entitled, but not obligated, to be a member of any such committee.

5.5 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Certificate of Incorporation, or elsewhere, as the case may be.

5.6 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board by the Investors (each a "**Fund Director**") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their Affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (a) that it is the indemnitor of first resort (i.e., its obligations to any such Fund Director are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Fund Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Fund Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any such Fund Director to the extent legally permitted and as required by the Company's Certificate of Incorporation or Bylaws of the Company (or any agreement between the Company and such Fund Director), without regard to any rights such Fund Director may have against the Fund Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund

Indemnitors on behalf of any such Fund Director with respect to any claim for which such Fund Director has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Fund Director against the Company.

5.7 Right to Conduct Activities. The Company hereby agrees and acknowledges that each of Redpoint, Scale Venture Partners V, L.P., Ribbit, Venture Overage Fund, L.P., Capital Partners III, L.P., Drive Capital Fund I, L.P., Tiger Global Private Investment Partners XI, L.P., LFX Capital LLC, Alex Cook, DST Global and Coatue (together with each of their respective Affiliates) is a professional investment fund, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, each of Redpoint, Scale Venture Partners V, L.P., Ribbit, Venture Overage Fund, L.P., Capital Partners III, L.P., Drive Capital Fund I, L.P., Tiger Global Private Investment Partners XI, L.P., LFX Capital LLC, Alex Cook, DST Global and Coatue and each of their respective Affiliates shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by Redpoint, Scale Venture Partners V, L.P., Ribbit, Venture Overage Fund, L.P., Capital Partners III, L.P., Drive Capital Fund I, L.P. Tiger Global Private Investment Partners XI, L.P., LFX Capital LLC, Alex Cook, DST Global and Coatue and their respective Affiliates in any entity competitive with the Company, or (ii) actions taken by any partner, officer or other representative of either Redpoint, Scale Venture Partners V, L.P., Ribbit, Venture Overage Fund, L.P., Capital Partners III, L.P., Drive Capital Fund I, L.P., Tiger Global Private Investment Partners XI, L.P., LFX Capital LLC, Alex Cook, DST Global and Coatue and their respective Affiliates to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.8 FCPA. The Company represents that it shall not (and shall not permit any of its subsidiaries or Affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to) promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**")), in each case, in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall (and shall cause each of its subsidiaries and affiliates to) cease all of its or their respective activities, as well as remediate any actions taken by the Company, its subsidiaries or Affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall (and shall cause each of its subsidiaries and Affiliates to) maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other

applicable anti-bribery or anti-corruption law. Upon request, the Company agrees to provide responsive information and/or certifications concerning its compliance with applicable anti- corruption laws. The Company shall promptly notify each Investor if the Company becomes aware of any Enforcement Action (as defined in the Purchase Agreement). The Company shall, and shall cause any direct or indirect subsidiary or entity controlled by it, whether now in existence or formed in the future, to comply with the FCPA. The Company shall use its best efforts to cause any direct or indirect subsidiary, whether now in existence or formed in the future, to comply in all material respects with all applicable laws.

5.9 Termination of Covenants. The covenants set forth in this Section 5, except for Subsections 5.5, 5.6 and 5.7, shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Restated Certificate, whichever event occurs first.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 2,000,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalization); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000,

e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy (which shall not constitute notice) shall also be sent to Latham & Watkins LLP, 140 Scott Drive, Menlo Park, CA 94025, Attn: Patrick Pohlen.

6.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (a) this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction (subject to subsection (b) of this sentence); (b) Subsections 3.1 and 3.2, and any other section of this Agreement applicable to the Major Investors (including this clause (b) of this Subsection 6.6) may not be amended, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the Major Investors; (c) Section 4 and any other section of this Agreement applicable to the ROFO Parties (including this clause (c) of this Subsection 6.6) may not be amended, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the ROFO Parties; (d) provided, however, that notwithstanding anything to the contrary in this Section 6.6, that Subsection 1.4 and Section 4 and this clause (d) of Subsection 6.6 may not be amended (either generally or in a particular instance, and either retroactively or prospectively) with respect to DST Global, Coatue or Ribbit without the written consent of DST Global, Coatue or Ribbit,

respectively; (e) provided, further, that notwithstanding anything to the contrary in this Section 6.6, that Subsection 3.5 and this clause (e) of Subsection 6.6 may not be amended (either generally or in a particular instance, and either retroactively or prospectively) with respect to DST Global or Coatue without the written consent of DST Global or Coatue, respectively. Notwithstanding the foregoing, Schedule A hereto may be amended by the Company from time to time to add transferees of any Registrable Securities in compliance with the terms of this Agreement without the consent of the other parties; and Schedule A hereto may also be amended by the Company after the date of this Agreement without the consent of the other parties to add information regarding any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9; and (f) Subsections 1.18, 1.19, 1.28(iv), 1.32(ii), the provisos in Subsections 1.22 and 1.27, and this clause (f) of this Subsection 6.6 may not be amended, terminated or waived (either generally or in a particular instance, and either retroactively or prospectively) without the written consent of, for so long as it holds any Lender Warrant or Lender Registrable Securities, Centerbridge; and Subsections 1.22 and 1.27 (excluding the provisos of Subsections 1.22 and 1.27, which are addressed by the immediately preceding subclause of this clause (f)), Section 4 and any other section of this Agreement applicable to the ROFO Parties, may not be amended, terminated or waived (either generally or in a particular instance, and either retroactively or prospectively), unless such amendment, termination or waiver applies to all ROFO Parties in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all ROFO Parties in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain ROFO Parties may nonetheless, by agreement with the Company, purchase securities in such transaction), without the written consent of, for so long as it holds any Lender Warrant or Lender Registrable Securities, Centerbridge. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves and their Affiliates in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of any series of Preferred Stock after the date hereof, any purchaser of such shares of any series of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "**Investor**" for all purposes hereunder. No action or

consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "**Investor**" hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the effectiveness of this Agreement, the Prior Agreement shall be deemed amended and restated and superseded and replaced in its entirety by this Agreement, and shall be of no further force or effect.

6.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL

Each party will bear its own costs in respect of any disputes arising under this Agreement. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in the U.S. District Court for the District of Delaware or any court of the State of Delaware having subject matter jurisdiction.

6.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or

nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

6.14 Regulatory Compliance. Each Investor, together with its Affiliates, on or following the date of this Agreement, owning ten percent (10%) or greater of the voting capital stock of the Company (each a "**Compliance Investor**") hereby agrees and acknowledges that as long as it or its Affiliate holds Registrable Securities and is a Compliance Investor, such Compliance Investor or its Affiliate (i) shall comply in all material respects with all state and federal regulatory requirements applicable to it as a result of the ownership of such Registrable Securities of which the Company provided such Compliance Investor reasonable notice, (ii) use commercially reasonable efforts to respond to requests from the Company related to such regulatory requirements within 72 hours of receipt of notice from the Company and (iii) with respect to such Investors that become a Compliance Investor following the date of this Agreement, each such Investor shall enter into a Proxy Agreement with the Company, substantially in the form attached hereto as Exhibit B.

6.15 Additional Lenders. Notwithstanding anything to the contrary contained herein, if the Company issues any Lender Warrant, any recipient of a Lender Warrant may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed a "Lender" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Lender, so long as such additional Lender has agreed in writing to be bound by all of the obligations as a "Lender" hereunder.

[**Remainder of Page Intentionally Left Blank**]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

ROOT STOCKHOLDINGS, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: CEO

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

LENDER:

DRD CONTACT, LLC

By: */s/ Susanne V. Clark*
Name: Susanne V. Clark
Title: Senior Managing Director

Address:

[***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

DST GLOBAL VI, L.P.

By: DST Managers VI Limited
Its: General Partner

By: */s/ Despoina Zinonos*
Name: Despoina Zinonos
Title: President

Address:

[***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

COATUE US 17 LLC

By: **Coaute Management, L.L.C.**
Its: Investment manager

By: */s/ Zac Feingold*
Name: Zac Feingold
Title: Chief Legal Officer

Address:

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

TIGER GLOBAL PRIVATE INVESTMENT PARTNERS XI, L.P.

By: Tiger Global PIP Performance XI, L.P.
Its: General Partner

By: Tiger Global PIP Management XI, Ltd.
Its: General Partner

By: */s/ Steven D. Boyd*
Name: Steven D. Boyd
Title: General Counsel

Address:

[***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ALEX COOK

/s/ Alex Cook

(Signature)

Address:

[***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

ADDITION PARTNERS IV LLC

By: */s/ Lee Fixel*
Name: Lee Fixel
Title: Manager

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

LFX CAPITAL LLC

By: */s/ Jonathan Cramer*

Name: Jonathan Cramer

Title: Manager

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

Redpoint Omega II, L.P., by its General Partner

Redpoint Omega II, LLC

By: */s/ Elliot Geidt*
Name: Elliot Geidt
Title: General Partner

Redpoint Omega Associates II, LLC, AS NOMINEE

By: */s/ Elliot Geidt*
Name: Elliot Geidt
Title: General Partner

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

SCALE VENTURE PARTNERS V, L.P.

By: Scale Venture Management V, L.P.
Its general partner

By: Scale Venture Management V, LLC
Its general partner

By: */s/ Alex Niehenke*
Name: Alex Niehenke
Title: Partner

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

CAPITAL PARTNERS III, L.P.

By: SVB Capital Partners III, LLC
Its: General Partner

By: */s/ Tilli Bannett*
Name: Tilli Bannett
Title: Partner

VENTURE OVERAGE FUND, L.P.

By: SVB Capital Venture Overage, LLC
Its: General Partner

By: */s/ Tilli Bannett*
Name: Tilli Bannett
Title: Partner

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

DC I INVESTMENT, LLC
By: Drive Capital I (G.P.), LLC
Its: General Partner

By: */s/ Chris Olsen*
Name: Chris Olsen
Title: Managing Member

Address: [***]

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

RIBBIT CAPITAL IV, L.P., for itself and as nominee for Ribbit Founder Fund IV, L.P.

By: Ribbit Capital GP IV, L.P.,
its general partner

By: Ribbit Capital GP IV, Ltd.,
its general partner

By: */s/ Cynthia McAdam*
Name: Cynthia McAdam
Title: Attorney-in-Fact

RT-E RIBBIT OPPORTUNITY IV, LLC

By: */s/ Cynthia McAdam*
Name: Cynthia McAdam
Title: Authorized Person

IN WITNESS WHEREOF, the parties have executed this Fifth Amended and Restated Investors' Rights Agreement as of the date first written above.

INVESTORS:

BUILD CAPITAL I, LP

By: */s/ Simon Pickert*

Name: Simon Pickert

Title: Authorized Person of the General Partner

SCHEDULE A

INVESTORS

EXHIBIT A

Form of Assignment Agreement

EXHIBIT B

Form of Proxy Agreement

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: IBOD COMPANY, INC.
Number of Shares: 50,000
Type/Series of Stock: Series A-3 Preferred
Warrant Price: $2.8714 per share
Issue Date: July 7**, 2016**
Expiration Date July 7**, 2026 See also Section 5.1(b).**
Credit Facility: This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement of even date herewith between Silicon Valley Bank and the Company (the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase the number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization; or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), and the fair market value of one Share as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date immediately prior to such Cash/Public Acquisition, and Holder has not exercised this Warrant pursuant to Section 1.1 above as to all Shares, then this Warrant shall automatically be deemed to be Cashless Exercised pursuant to Section 1.2 above as to all Shares effective immediately prior to and contingent upon the consummation of a Cash/Public Acquisition. In connection with such Cashless Exercise, Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon exercise. In the event of a Cash/Public Acquisition where the fair market value of one Share as determined in accordance with Section 1.3 above would be less than the Warrant Price in effect immediately prior to such Cash/Public Acquisition, then this Warrant will expire immediately prior to the consummation of such Cash/Public Acquisition.

(c) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(d) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its common stock pursuant to an effective registration statement under the Act (the "**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Articles or Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by

paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) at least seven (7) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event and such reasonable

information as Holder may reasonably require regarding the treatment of this Warrant in connection with such event giving rise to the notice); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 2.11 of the Investors' Rights Agreement or similar agreement.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term and Automatic Conversion Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific Time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. The Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED July 7, 2016, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd)

Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
[***]
Telephone: [***]
Facsimile: [***]
Email address: [***]

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

IBOD Company, Inc.
[***]
Telephone: [***]
Facsimile: [***]
Email: [***]

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]
[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

IBOD COMPANY, INC.

By: /s/ Alexander E. Timm

Name: Alexander E. Timm
(Print)

Title: CEO/President

“HOLDER”

SILICON VALLEY BANK

By: _____

Name: _____
(Print)

Title: _____

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

IBOD COMPANY, INC.

By: _____

Name: _____
(Print)

Title: _____

"HOLDER"

SILICON VALLEY BANK

By: /s/ Jordan R. Parcell

Name: Jordan R. Parcell
(Print)

Title: Vice President

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right purchase _____ shares of the Common/Series _____ Preferred [circle one] Stock of IBOD Company, Inc. (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

[ ] check in the amount of $_____ payable to order of the Company enclosed herewith

[ ] Wire transfer of immediately available funds to the Company's account

[ ] Cashless Exercise pursuant to Section 1.2 of the Warrant

[ ] Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____

Holder's Name

_____

_____

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

(Date): _____

SCHEDULE 1

Company Capitalization Table

See attached

FORM OF NOTE

THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND ISSUE DATE OF THE NOTE; (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE; AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD CONTACT THE ISSUER'S CHIEF EXECUTIVE OFFICER, AT 80 E. RICH STREET, COLUMBUS, OHIO 43215.

ROOT, INC.

FLOATING RATE SENIOR SECURED NOTE DUE [●], 2024

No. [ ] **[Date]**

$[_____]

1. FOR VALUE RECEIVED, the undersigned, **ROOT, INC.** (herein called the **"Issuer"**), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [____] (herein called the "**Holder**"), or registered assigns, the principal sum of [____] DOLLARS (or so much thereof as shall not have been prepaid) on [●], 2024 (the **"Maturity Date"**), with interest on the unpaid principal amount thereof accruing from the date purchased through maturity (whether by acceleration or otherwise) at the Adjusted LIBO Rate for the applicable Interest Period then in effect plus the Applicable Margin (or, solely to the extent required by Section 2.12 of the Note Purchase Agreement (as defined below), the Alternative Rate plus the Applicable Margin), in each case, in accordance with Section 2.8 of the Note Purchase Agreement.

2. Notwithstanding the foregoing, at the election of the Administrative Agent (or upon the written request of the Required Noteholders), and automatically after the occurrence and during the continuance of an Event of Default pursuant to Sections 8.1(a), (b), (g), (h) or (j) of the Note Purchase Agreement, if an Event of Default has occurred and is continuing, and automatically after acceleration or with respect to any past due amount under the Note Purchase Agreement, the Issuer shall pay the Default Interest with respect to all Eurodollar Notes at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for such Notes for the then-current Interest Period, and with respect to all Alternative Rate Notes and all other Obligations under the Note Purchase Agreement, at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for Notes using the Alternative Rate.

3. Payments of principal of, interest on and any Prepayment Premium with respect to this Note are to be made in lawful money of the United States of America as provided in the Note Purchase Agreement.

4. This Note is one of a series of Notes (herein called the "**Notes**") issued pursuant to the Note Purchase Agreement, dated November 25, 2019 (as from time to time amended, restated, supplement, replaced or otherwise modified, the "**Note Purchase Agreement**"), among Root Stockholdings, Inc., a Delaware corporation, as Holdings, the Issuer, the respective Noteholders party thereto from time to time and Wilmington Trust, National Association, as Administrative Agent, and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 10.11 of the Note Purchase Agreement and

(ii) made the representations set forth in Article XI of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

5. Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by the Administrative Agent and recorded in the Register, the Borrower, the Administrative Agent and Noteholders shall be entitled to deem and treat the Holder as the owner and holder of this Note and the obligations evidenced hereby.

6. The Issuer will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise, and subject to any applicable Prepayment Premium.

7. If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Prepayment Premium) and with the effect provided in the Note Purchase Agreement.

8. This Note and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Note and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

[Remainder of page intentionally left blank]

ROOT, INC.

By _____

Name:

Title:

ROOT, INC.

AMENDED AND RESTATED
2015 EQUITY INCENTIVE PLAN
Effective as of January 5, 2020

1. ADOPTION; PURPOSE. The Company has adopted this Plan effective as of January 5, 2020. This Plan amends and restates in its entirety the Company's 2015 Equity Incentive Plan, as amended through the date this Plan was adopted. The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, its Parent and Subsidiaries, by offering them an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock and Restricted Stock Units. Capitalized terms not defined in the text are defined in Section 23 hereof. Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act, grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or other applicable state securities regulations. Any requirement of this Plan which is required in law only because of certain applicable state securities regulations need not apply if the Committee so provides.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 18 hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 45,369,941 Shares or such lesser number of Shares as permitted by applicable law.

Subject to Sections 2.2, 5.10 and 18 hereof, Shares subject to Awards previously granted will again be available for grant and issuance in connection with future Awards under this Plan to the extent such Shares: (i) cease to be subject to issuance upon exercise of an Option, other than due to exercise of such Option; (ii) are subject to an Award granted hereunder but the Shares subject to such Award are forfeited or repurchased by the Company at the original issue price; or (iii) are subject to an Award that otherwise terminates without Shares being issued. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all Awards granted and outstanding under this Plan.

2.2 Adjustment of Shares. In the event that the number of outstanding shares of the Company's Common Stock is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration, then (i) the number of Shares reserved for issuance under this Plan, (ii) the Exercise Prices of and number of Shares subject to outstanding Options and (iii) the Purchase Prices of and number of Shares subject to other outstanding Awards will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issued but will either be paid in cash at the Fair Market Value of such fraction

of a Share or will be rounded down to the nearest whole Share, as determined by the Committee; and provided, further, that the Exercise Price of any Option may not be decreased to below the par value of the Shares.

3. ELIGIBILITY. ISOs (as defined in Section 5 hereof) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. NQSOs (as defined in Section 5 hereof), Restricted Stock Awards and Restricted Stock Unit Awards may be granted to employees, officers, directors and consultants of the Company or any Parent or Subsidiary of the Company; provided such consultants render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. A person may be granted more than one Award under this Plan.

4. ADMINISTRATION.

4.1 Committee Authority. This Plan will be administered by the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

(a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;

(b) prescribe, amend and rescind rules and regulations relating to this Plan;

(c) approve persons to receive Awards;

(d) determine the form and terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or awards under any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;

(g) grant waivers of any conditions of this Plan or any Award;

(h) determine the terms of vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Award, any Award Agreement or any Exercise Agreement;

(j) determine whether an Award has been earned;

(k) make all other determinations necessary or advisable for the administration of this Plan; and

(l) extend the vesting period beyond a Participant's Termination Date.

4.2 **Committee Discretion**. Unless in contravention of any express terms of this Plan or Award, any determination made by the Committee with respect to any Award will be made in its sole discretion either (i) at the time of grant of the Award, or (ii) subject to Section 5.9 hereof, at any later time. Any such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. The Committee may delegate to one or more officers of the Company the authority to grant an Award under this Plan, provided such officer or officers are members of the Board. Without limiting the generality of the foregoing and notwithstanding anything herein to the contrary, this Plan and all Awards shall be administered in accordance with Section 409A of the Code (and regulations and other interpretative guidance promulgated thereunder whether before or after the Effective Date). Notwithstanding any provision of the Plan to the contrary, if the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code prior to payment to such Participant of such amount, the Company may (a) adopt such amendments to the Plan and such Participant's Awards along with appropriate policies (including amendments and policies with retroactive effect) that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Awards hereunder and/or (b) take such other actions as the Committee determines necessary or appropriate to comply with the requirements of Section 409A of the Code.

4.3 **Indemnification**. In addition to such other rights of indemnification as they may have, each member of the Board or Committee, and each person retained by them, shall be defended and indemnified by the Company to the extent permitted by law against (i) all reasonable expenses, including attorneys' fees, incurred defending such person in any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, by reason of any action taken or failure to act in connection with the determination of "fair market value" for purposes of Section 409A of the Code in relation to any Award granted under the Plan; or (ii) paid in settlement thereof (provided such settlement's terms are approved in advance by the Company), or in satisfaction of a judgment (excluding when such person is adjudged of gross negligence, bad faith or intentional misconduct). In all instances, within thirty (30) days of first becoming aware of the institution of a claim, investigation, action, suit or proceeding the person shall offer the Company in writing the opportunity to defend same at the Company's expense.

5. **OPTIONS.** The Committee may grant Options to eligible persons described in Section 3 hereof and will determine whether such Options will be Incentive Stock Options within the meaning of the Code ("***ISOs***") or Nonqualified Stock Options ("***NQSOs***"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 **Form of Option Grant**. Each Option granted under this Plan will be evidenced by an Award Agreement which will expressly identify the Option as an ISO or an

NQSO ("***Stock Option Agreement***"), and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan.

5.2 **Date of Grant**. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 **Exercise Period**. Options may be exercisable immediately but subject to repurchase pursuant to Section 12 hereof or may be exercisable within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company ("***Ten Percent Stockholder***") will be exercisable after the expiration of five (5) years from the date the ISO is granted; but in no event shall an Option granted to an employee who is a non-exempt employee for purposes of overtime pay under the Fair Labor Standards Act of 1938, be exercisable earlier than six (6) months after its date of grant. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines. Subject to earlier termination of the Option as provided herein, if required by applicable state securities regulations, each Participant who is not an officer, director or consultant of the Company or of a Parent or Subsidiary of the Company shall have the right to exercise an Option granted hereunder at the rate of no less than twenty percent (20%) per year over five (5) years from the date such Option is granted. In addition, if an Option is determined to otherwise be subject to Section 409A of the Code such Option shall be exercisable for the Shares subject to such Option no later than the end of the applicable short-term deferral period determined under Section 409A of the Code by the Committee.

5.4 **Exercise Price**. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may not be less than eighty-five percent (85%) of the Fair Market Value of the Shares on the date of grant; provided that (i) the Exercise Price of an ISO will not be less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any Option granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 hereof.

5.5 **Method of Exercise**. Options may be exercised only by delivery to the Company of a written stock option exercise agreement (the "***Exercise Agreement***") in a form approved by the Committee (which need not be the same for each Participant). The Exercise Agreement will state (i) the number of Shares being purchased, (ii) the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and (iii) such representations and

agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws. Participant shall execute and deliver to the Company the Exercise Agreement together with payment in full of the Exercise Price, and any applicable taxes, for the number of Shares being purchased.

5.6 **Termination**. Subject to earlier termination pursuant to Sections 18 and 19 hereof, unless otherwise set forth in the Stock Option Agreement or otherwise determined by the Committee, exercise of an Option will always be subject to the following:

(a) If the Participant is Terminated for any reason other than death, Disability or for Cause, then the Participant may exercise such Participant's Options only to the extent that such Options are exercisable as to Vested Shares upon the Termination Date or as otherwise determined by the Committee. Such Options must be exercised by the Participant, if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within three (3) months after the Termination Date (or within such shorter time period, not less than thirty (30) days, or within such longer time period, not exceeding five (5) years, after the Termination Date as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be an NQSO) but in any event, no later than the expiration date of the Options.

(b) If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause), then Participant's Options may be exercised only to the extent that such Options are exercisable as to Vested Shares by Participant on the Termination Date or as otherwise determined by the Committee. Such options must be exercised by Participant (or Participant's legal representative or authorized assignee), if at all, as to all or some of the Vested Shares calculated as of the Termination Date or such other date determined by the Committee, within twelve (12) months after the Termination Date (or within such shorter time period, not less than six (6) months, or within such longer time period, not exceeding five (5) years, after the Termination Date as may be determined by the Committee, with any exercise beyond (i) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or disability, within the meaning of Section 22(e)(3) of the Code, or (ii) twelve (12) months after the Termination Date when the Termination is for Participant's disability, within the meaning of Section 22(e)(3) of the Code, deemed to be an NQSO) but in any event no later than the expiration date of the Options.

(c) If the Participant is terminated for Cause, the Participant may exercise such Participant's Options, but not to an extent greater than such Options are exercisable as to Vested Shares upon the Termination Date and Participant's Options shall expire on such Participant's Termination Date, or at such later time and on such conditions as are determined by the Committee.

5.7 **Limitations on Exercise**. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option, provided that

such minimum number will not prevent Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 **Limitations on ISOs**. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) will not exceed One Hundred Thousand Dollars ($100,000). If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds One Hundred Thousand Dollars ($100,000), then the Options for the first One Hundred Thousand Dollars ($100,000) worth of Shares to become exercisable in such calendar year will be ISOs and the Options for the amount in excess of One Hundred Thousand Dollars ($100,000) that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date (as defined in Section 19 hereof) to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 **Modification, Extension or Renewal**. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 5.10 hereof, the Committee may reduce the Exercise Price of outstanding Options without the consent of Participants by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 hereof for Options granted on the date the action is taken to reduce the Exercise Price; provided, further, that the Exercise Price will not be reduced below the par value of the Shares.

5.10 **No Disqualification**. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant, to disqualify any Participant's ISO under Section 422 of the Code. In no event shall the total number of Shares issued (counting each reissuance of a Share that was previously issued and then forfeited or repurchased by the Company as a separate issuance) under the Plan upon exercise of ISOs exceed Six Million (6,000,000) Shares (adjusted in proportion to any adjustments under Section 2.2 hereof) over the term of the Plan.

6. **RESTRICTED STOCK.** A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to certain specified restrictions. The Committee will determine to whom an offer will be made, the number of Shares the person may

purchase, the Purchase Price, the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 **Form of Restricted Stock Award**. All purchases under a Restricted Stock Award made pursuant to this Plan will be evidenced by an Award Agreement ("***Restricted Stock Purchase Agreement***") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The Restricted Stock Award will be accepted by the Participant's execution and delivery of the Restricted Stock Purchase Agreement and full payment for the Shares to the Company within thirty (30) days from the date the Restricted Stock Purchase Agreement is delivered to the person. If such person does not execute and deliver the Restricted Stock Purchase Agreement along with full payment for the Shares to the Company within such thirty (30) days, then the offer will terminate, unless otherwise determined by the Committee.

6.2 **Purchase Price**. The Purchase Price of Shares sold pursuant to a Restricted Stock Award, if any, will be determined by the Committee. Payment of the Purchase Price, if any, must be made in accordance with Section 8 hereof.

6.3 **Restrictions**. Restricted Stock Awards may be subject to the restrictions set forth in Section 12 hereof or such other restrictions not inconsistent with applicable state securities regulations.

7 **RESTRICTED STOCK UNITS.** The Committee may grant Restricted Stock Unit Awards to eligible persons. The Committee will determine to whom Restricted Stock Unit Awards will be granted, the number of Restricted Stock Units subject to a Restricted Stock Unit Award, the vesting and forfeiture conditions to which the Restricted Stock Units will be subject, and all other terms and conditions of the Restricted Stock Unit Award, subject to the following:

7.1 **Form of Restricted Stock Unit Award**. All awards of Restricted Stock Units made pursuant to this Plan will be evidenced by an Award Agreement (a "**Restricted Stock Unit Agreement**") that will be in such form (which need not be the same for each Participant) as the Committee will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan.

7.2 **Settlement**. Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one Share or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date, as the Committee shall determine and as provided in the applicable Restricted Stock Unit Agreement. The Committee may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A of the Code.

7.3 **Voting Rights**. A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until Shares are delivered in settlement thereof.

7.4 Dividend Equivalents. To the extent provided by the Committee, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or Shares and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Committee, subject, in each case, to such terms and conditions as the Committee shall establish and set forth in the applicable Restricted Stock Unit Agreement.

8. PAYMENT FOR SHARE PURCHASES.

8.1 Payment. Payment for Shares purchased pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee and where permitted by law:

(a) by cancellation of indebtedness of the Company owed to the Participant;

(b) by surrender of shares that: (i) either (A) have been owned by Participant for more than six (6) months and have been paid for within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (B) were obtained by Participant in the public market and (ii) are clear of all liens, claims, encumbrances or security interests;

(c) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid (i) imputation of income under Sections 483 and 1274 of the Code and (ii) unfavorable accounting treatment as determined by the Committee; provided, however, that Participants who are not employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; provided, further, that the portion of the Exercise Price or Purchase Price, as the case may be, equal to the par value of the Shares must be paid in cash or other legal consideration permitted by Delaware General Corporation Law;

(d) by waiver of compensation due or accrued to the Participant from the Company for services rendered;

(e) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(i) through a "same day sale" commitment from the Participant and a broker-dealer that is a member of the National Association of Securities Dealers (an "***NASD Dealer***") whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased sufficient to pay the total Exercise Price, and

whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company; or

(ii) through a "margin" commitment from the Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the total Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company; or

(f) by any combination of the foregoing.

8.2 **Loan Guarantees**. The Committee may, in its sole discretion, elect to assist the Participant in paying for Shares purchased under this Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

9. WITHHOLDING TAXES.

9.1 **Withholding Generally**. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy foreign, federal, state and local tax withholding requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash by the Company, such payment will be net of an amount sufficient to satisfy foreign, federal, state, and local tax withholding requirements.

9.2 **Stock Withholding**. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant must pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the applicable tax withholding obligation by electing to have the Company withhold from the Shares to be issued that minimum number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined; but in no event will the Company withhold Shares if such withholding would result in adverse accounting consequences to the Company. All elections by a Participant to have Shares withheld for this purpose will be made in accordance with the requirements established by the Committee for such elections and be in writing in a form acceptable to the Committee.

10. PRIVILEGES OF STOCK OWNERSHIP.

10.1 **Voting and Dividends**. No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become

entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock. The Participant will have no right to retain such stock dividends or stock distributions with respect to Unvested Shares that are repurchased pursuant to Section 12 hereof. To the extent required, the Company will comply with applicable state securities regulations with respect to the voting rights of Common Stock.

10.2 Financial Statements. The Company will provide financial statements to each Participant annually during the period such Participant has Awards outstanding, or as otherwise required under applicable state securities regulations. Notwithstanding the foregoing, the Company will not be required to provide such financial statements to Participants when issuance of Awards is limited to key employees whose services in connection with the Company assure them access to equivalent information.

11. TRANSFERABILITY. Except as permitted by the Committee, Awards granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, other than by will or by the laws of descent and distribution, and, with respect to NQSOs, by instrument to an inter vivos or testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor), or by gift to "immediate family" as that term is defined in 17 C.F.R. 240.16a-1(e), and may not be made subject to execution, attachment or similar process. During the lifetime of the Participant an Award will be exercisable only by the Participant or Participant's legal representative and any elections with respect to an Award may be made only by the Participant or Participant's legal representative.

12. RESTRICTIONS ON SHARES.

12.1 Right of First Refusal. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right of first refusal to purchase all Shares that a Participant (or a subsequent transferee) may propose to transfer to a third party, unless otherwise not permitted by applicable state securities regulations, provided that such right of first refusal terminates upon the Company's initial public offering of Common Stock pursuant to an effective registration statement filed under the Securities Act.

12.2 Right of Repurchase. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase Unvested Shares held by a Participant for cash and/or cancellation of purchase money indebtedness owed to the Company by the Participant following such Participant's Termination at any time within the later of ninety (90) days after the Participant's Termination Date and the date the Participant purchases Shares under the Plan at the Participant's Exercise Price or Purchase Price, as the case may be, provided that if required by applicable state securities regulations, unless the Participant is an officer, director or consultant of the Company or of a Parent or Subsidiary of the Company, such right of repurchase lapses at the rate of no less than twenty percent (20%) per year over five (5) years from: (a) the date of grant of the Option or (b) in the case of Restricted Stock, the date the Participant purchases the Shares.

13. CERTIFICATES. All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

14. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares set forth in Section 12 hereof, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated. The Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

15. EXCHANGE AND BUYOUT OF AWARDS. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Award previously granted with payment in cash, shares of Common Stock of the Company (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

16. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. Although this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act, grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701 or other applicable state securities regulations. Any requirement of this Plan which is required in law only because of certain applicable state securities regulations need not apply if the Committee so provides. An Award will not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (ii)

compliance with any exemption, completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

17. NO OBLIGATION TO EMPLOY. Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without Cause.

18. CORPORATE TRANSACTIONS.

18.1 Assumption or Replacement of Awards by Successor or Acquiring Company. In the event of (i) a dissolution or liquidation of the Company, (ii) any reorganization, consolidation, merger or similar transaction or series of related transactions (each, a "***combination transaction***")) in which the Company is a constituent corporation or is a party if, as a result of such combination transaction, the voting securities of the Company that are outstanding immediately prior to the consummation of such combination transaction (other than any such securities that are held by an "Acquiring Stockholder," as defined below) do not represent, or are not converted into, securities of the surviving corporation of such combination transaction (or such surviving corporation's parent corporation if the surviving corporation is owned by the parent corporation) that, immediately after the consummation of such combination transaction, together possess at least a majority of the total voting power of all securities of such surviving corporation (or its parent corporation, if applicable) that are outstanding immediately after the consummation of such combination transaction, including securities of such surviving corporation (or its parent corporation, if applicable) that are held by the Acquiring Stockholder; or (iii) a sale of all or substantially all of the assets of the Company (such events described in clauses (ii) and (iii), an "***Acquisition***"), that is followed by the distribution of the proceeds to the Company's stockholders, any or all outstanding Awards may be assumed, converted or replaced by the successor or acquiring corporation (if any), which assumption, conversion or replacement will be binding on all Participants. In the alternative, the successor or acquiring corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders of the Company (after taking into account the existing provisions of the Awards). The successor or acquiring corporation may also substitute by issuing, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions and other provisions no less favorable to the Participant than those which applied to such outstanding Shares immediately prior to such transaction described in this Section 18.1. For purposes of this Section 18.1, an "***Acquiring Stockholder***" means a stockholder or stockholders of the Company that (i) merges or combines with the Company in such combination transaction or (ii) owns or controls a majority of another corporation that merges or combines with the Corporation in such combination transaction. In

the event such successor or acquiring corporation (if any) does not assume, convert, replace or substitute Awards, as provided above, pursuant to a transaction described in this Section 18.1, then notwithstanding any other provision in this Plan to the contrary, the vesting of such Awards will accelerate and the Options will become exercisable in full prior to the consummation of such event at such times and on such conditions as the Committee determines, and if such Options are not exercised prior to the consummation of the corporate transaction, they shall terminate in accordance with the provisions of this Plan.

18.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under the foregoing provisions of this Section 18, in the event of the occurrence of any transaction described in Section 18.1 hereof, any outstanding Awards will be treated as provided in the applicable agreement or plan of reorganization, merger, consolidation, dissolution, liquidation or sale of assets.

18.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (i) granting an Award under this Plan in substitution of such other company's award or (ii) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

19. ADOPTION AND STOCKHOLDER APPROVAL. This Plan will become effective on the date that it is adopted by the Board (the "***Effective Date***"). To the extent required by applicable law, this Plan will be approved by the stockholders of the Company (excluding Shares issued pursuant to this Plan), consistent with applicable laws, within twelve (12) months before or after the Effective Date. Upon the Effective Date, the Board may grant Awards pursuant to this Plan; provided, however, that: (i) no Option may be exercised prior to initial stockholder approval of this Plan; (ii) no Option granted pursuant to an increase in the number of Shares approved by the Board shall be exercised prior to the time such increase has been approved by the stockholders of the Company; (iii) in the event that initial stockholder approval is not obtained within the time period provided herein, all Awards granted hereunder shall be canceled, any Shares issued pursuant to any Award shall be canceled and any purchase of Shares issued hereunder shall be rescinded; and (iv) Awards granted pursuant to an increase in the number of Shares approved by the Board which increase is not timely approved by stockholders shall be canceled, any Shares issued pursuant to any such Awards shall be canceled, and any purchase of Shares subject to any such Award shall be rescinded.

20. **TERM OF PLAN/GOVERNING LAW.** Unless earlier terminated as provided herein, this Plan will terminate on September 4, 2029. This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

21. **AMENDMENT OR TERMINATION OF PLAN.** Subject to Section 5.9 hereof, the Board may at any time terminate or amend this Plan in any respect, including without limitation amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval pursuant to applicable state securities regulations, or with respect to those provisions of the Code (and the regulations promulgated thereunder) that apply to plan that permit the grant of ISOs.

22. **NONEXCLUSIVITY OF THE PLAN.** Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and other equity awards otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

23. **DEFINITIONS.** As used in this Plan, the following terms will have the following meanings:

"***Award***" means any award under this Plan, including any Option, Restricted Stock Award or Restricted Stock Unit Award.

"***Award Agreement***" means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award, including a Notice of Stock Option Grant, Stock Option Agreement, Restricted Stock Purchase Agreement and Restricted Stock Unit Agreement.

"***Board***" means the Board of Directors of the Company.

"***Cause***" means Termination because of (i) any willful, material violation by the Participant of any law or regulation applicable to the business of the Company or a Parent or Subsidiary of the Company, the Participant's conviction for, or guilty plea to, a felony or a crime involving moral turpitude, or any willful perpetration by the Participant of a common law fraud, (ii) the Participant's commission of an act of personal dishonesty which involves personal profit in connection with the Company or any other entity having a business relationship with the Company, (iii) any material breach by the Participant of any provision of any agreement or understanding between the Company or any Parent or Subsidiary of the Company and the Participant regarding the terms of the Participant's service as an employee, officer, director or consultant to the Company or a Parent or Subsidiary of the Company, including without limitation, the willful and continued failure or refusal of the Participant to perform the material duties required of such Participant as an employee, officer, director or consultant of the Company or a Parent or Subsidiary of the Company, other than as a result of having a Disability, or a breach of any applicable invention assignment and confidentiality agreement or similar

agreement between the Company or a Parent or Subsidiary of the Company and the Participant, (iv) Participant's disregard of the policies of the Company or any Parent or Subsidiary of the Company so as to cause loss, damage or injury to the property, reputation or employees of the Company or a Parent or Subsidiary of the Company, or (v) any other misconduct by the Participant which is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or a Parent or Subsidiary of the Company.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Committee***" means the committee created and appointed by the Board to administer this Plan, or if no committee is created and appointed, the Board.

"***Common Stock***" means the Company's Common Stock, $0.001 par value.

"***Company***" means Root, Inc., a Delaware corporation, or any successor corporation.

"***Disability***" means a disability, whether temporary or permanent, partial or total, as determined by the Committee.

"***Dividend Equivalent***" means a right granted to a Participant pursuant to Section 7.4 hereof to receive the equivalent value (in cash or Shares) of dividends paid on Shares.

"***Exercise Price***" means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

"***Fair Market Value***" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination as reported in The Wall Street Journal;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported by The Wall Street Journal (or, if not so reported, as otherwise reported by any newspaper or other source as the Board may determine); or

(d) if none of the foregoing is applicable, by the Committee in good faith.

"***Option***" means an award of an option to purchase Shares pursuant to Section 5 hereof.

"***Parent***" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock representing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"***Participant***" means a person who receives an Award under this Plan.

"***Plan***" means this 2015 Equity Incentive Plan, as amended from time to time.

"***Purchase Price***" means the price at which a Participant may purchase Restricted Stock.

"***Restricted Stock***" means Shares purchased pursuant to a Restricted Stock Award.

"***Restricted Stock Award***" means an award of Shares pursuant to Section 6 hereof.

"***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share or an amount in cash or other consideration determined by the Committee equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

"***Restricted Stock Unit Award***" means an award of Restricted Stock Units pursuant to Section 7 hereof.

"***SEC***" means the Securities and Exchange Commission.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Shares***" means shares of the Company's Common Stock, $0.001 par value, reserved for issuance under this Plan, as adjusted pursuant to Sections 2 and 18 hereof, and any successor security.

"***Subsidiary***" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock representing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

"***Termination***" or "***Terminated***" means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director or consultant to the Company or a Parent or Subsidiary of the Company. A Participant will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee, provided that such leave is for a period of not more than ninety (90) days (a) unless reinstatement (or, in the case of an employee with an ISO, reemployment) upon the expiration of such leave is guaranteed

by contract or statute, or (b) unless provided otherwise pursuant to formal policy adopted from time to time by the Company's Board and issued and promulgated in writing. In the case of any Participant on (i) sick leave, (ii) military leave or (iii) an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Stock Option Agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the "***Termination Date***").

"***Unvested Shares***" means "***Unvested Shares***" as defined in the Award Agreement.

"***Vested Shares***" means "***Vested Shares***" as defined in the Award Agreement.

ROOT, INC.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

Root, Inc., a Delaware corporation, (the "***Company***"), hereby grants to the Participant an option under the Plan to purchase the number of shares of the Company's Common Stock indicated in the notice of stock option grant delivered physically or electronically by the Company (the "***Grant Notice***") at the exercise price indicated in the Grant Notice.

1. GRANT OF OPTION. The Company hereby grants to the Participant an option (this "*Option*") to purchase up to the total number of shares of Common Stock, par value $0.001, of the Company set forth in the Grant Notice (collectively, the "*Shares*") at the Exercise Price Per Share set forth in the Grant Notice (the "*Exercise Price*"), subject to all of the terms and conditions of this Agreement and the Plan. Capitalized terms not defined herein shall have the meanings ascribed to them in the Company's 2015 Equity Incentive Plan, as may be amended from time to time (the "*Plan*"), or in the Grant Notice, as applicable. If designated as an Incentive Stock Option in the Grant Notice, the Option is intended to qualify as an "incentive stock option" (an "*ISO*") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "*Code*").

2. VESTING AND EXERCISE.

2.1 Vesting of Option. This Option will become vested and exercisable during its term as to portions of the Shares in accordance with the "Vesting Schedule" set forth in the Grant Notice. If application of the applicable vesting percentage causes a fractional share, such share shall be rounded down to the nearest whole share for each month except for the last month in such vesting period, at the end of which last month the Option shall become exercisable for the full remainder of the Shares. Shares that are vested pursuant to the Vesting Schedule set forth in the Grant Notice are "*Vested Shares*." Shares that are not vested pursuant to the Vesting Schedule set forth in the Grant Notice are "*Unvested Shares*."

2.2 Exercise Period of Option. This Option will become exercisable during its term as to all Shares that are or become Vested Shares. In addition, if the Grant Notice indicates that "Early exercise" of this Option is permitted, this Option may be exercised as to all or a portion of the Shares, including Unvested Shares, at any time prior to Participant's Termination Date (any such exercise that includes Unvested Shares, an "*Early Exercise*"). If Participant elects to make an Early Exercise of this Option, the Company, or its assignee, shall have the option to repurchase Participant's Unvested Shares on the terms and conditions set forth in the Exercise Agreement (the "*Repurchase Option*") if Participant is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation Participant's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause. A partial Early Exercise of this Option shall be deemed to cover first all Vested Shares and then the earliest vesting installment of Unvested Shares.

2.3 Expiration. The Option shall expire on the Option Expiration Date set forth in the Grant Notice or earlier as provided in Section 3 below or pursuant to Section 5.6 of the Plan.

3. TERMINATION.

3.1 Termination for Any Reason Except Death, Disability or Cause. If the Participant is Terminated for any reason, whether voluntary or involuntary, except death, Disability or for Cause, the Option, to the extent (and only to the extent) that it would have been exercisable as to Vested Shares by the Participant on the Termination Date, may be exercised by the Participant no later than three (3) months after the Termination Date, but in any event no later than the Option Expiration Date set forth in the Grant Notice.

3.2 Termination Because of Death or Disability. If the Participant is Terminated because of death or Disability of the Participant (or the Participant dies within three (3) months of Termination when Termination is for any reason other than the Participant's Disability or for Cause), the Option, to the extent that it is exercisable as to Vested Shares by the Participant on the Termination Date, may be exercised by the Participant (or the Participant's legal representative) no later than twelve (12) months after the Termination Date, but in any event no later than the Option Expiration Date set forth in the Grant Notice. Any exercise beyond (i) three (3) months after the Termination Date when the Termination is for any reason other than the Participant's death or disability, within the meaning of Section 22(e)(3) of the Code; or (ii) twelve (12) months after the Termination Date when the termination is for the Participant's disability, within the meaning of Section 22(e)(3) of the Code, is deemed to be an NQSO.

3.3 Termination for Cause. If the Participant is terminated for Cause, the Participant may exercise such Participant's Options, only to the extent that such Options are exercisable as to Vested Shares on the Termination Date, upon the Termination Date and Participant's Options, to the extent unexercised, shall expire on such Participant's Termination Date or at such later time and on such conditions as are determined by the Committee in its sole discretion.

3.4 No Obligation to Employ. Nothing in the Plan or this Agreement shall confer on the Participant any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company, or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate the Participant's employment or other relationship at any time, with or without Cause.

4. MANNER OF EXERCISE.

4.1 Stock Option Exercise Agreement. To exercise this Option, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed Notice of Exercise and Stock Option Exercise Agreement in the form attached hereto as Annex A, or in such other form as may be approved by the Committee from time to time (the together, the "***Exercise Agreement***"), which shall set forth, *inter alia*, (i) the Participant's election to exercise the Option, (ii) the number of Shares being purchased, (iii) any restrictions

imposed on the Shares and (iv) any representations, warranties and agreements regarding the Participant's investment intent and access to information as may be required by the Company to comply with applicable securities laws. If someone other than the Participant exercises the Option, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the Option and such person shall be subject to all of the restrictions contained herein as if such person were the Participant.

4.2 Limitations on Exercise. The Option may not be exercised unless such exercise is in compliance with all applicable federal and state securities laws, as they are in effect on the date of exercise. The Option may not be exercised as to fewer than one hundred (100) Shares unless it is exercised as to all Shares as to which the Option is then exercisable.

4.3 Payment. The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the shares being purchased in cash (by check), or where permitted by law:

(a) by cancellation of indebtedness of the Company to the Participant;

(b) by surrender of shares of the Company's Common Stock that (i) either (A) have been owned by the Participant for more than six (6) months and have been paid for within the meaning of SEC Rule 144 (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares); or (B) were obtained by the Participant in the open public market; and (ii) are clear of all liens, claims, encumbrances or security interests;

(c) by waiver of compensation due or accrued to the Participant for services rendered;

(d) provided that a public market for the Company's stock exists: (i) through a "same day sale" commitment from the Participant and a brokerdealer that is a member of the National Association of Securities Dealers (an "***NASD Dealer***") whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased sufficient to pay for the total Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company, or (ii) through a "margin" commitment from the Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the total Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the total Exercise Price directly to the Company;

(e) any other form of consideration approved by the Committee; or

(f) by any combination of the foregoing.

4.4 Tax Withholding. Prior to the issuance of the Shares upon exercise of the Option, the Participant must pay or provide for any applicable federal, state and local withholding obligations of the Company. If the Committee permits, the Participant may provide for payment of withholding taxes upon exercise of the Option by requesting that the Company

retain the minimum number of Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld; but in no event will the Company withhold Shares if such withholding would result in adverse accounting consequences to the Company. In such case, the Company shall issue the net number of Shares to the Participant by deducting the Shares retained from the Shares issuable upon exercise.

4.5 Issuance of Shares. Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares registered in the name of the Participant, the Participant's authorized assignee, or the Participant's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

5. NOTICE OF DISQUALIFYING DISPOSITION OF ISO SHARES. If the Option is an ISO, and if the Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, and (**i**) the date one (1) year after transfer of such Shares to the Participant upon exercise of the Option, the Participant shall immediately notify the Company in writing of such disposition. The Participant agrees that the Participant may be subject to income tax withholding by the Company on the compensation income recognized by the Participant from the early disposition by payment in cash or out of the current wages or other compensation payable to the Participant.

6. COMPLIANCE WITH LAWS AND REGULATIONS. The exercise of the Option and the issuance and transfer of Shares shall be subject to compliance by the Company and the Participant with all applicable requirements of U.S. federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such issuance or transfer. The Participant understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state securities commission or any stock exchange to effect such compliance.

7. NONTRANSFERABILITY OF OPTION. The Option may not be transferred in any manner other than by will or by the laws of descent and distribution, and, with respect to NQSOs, by instrument to an inter vivos or testamentary trust in which the options are to be passed to beneficiaries upon the death of the trustor (settlor), or by gift to "immediate family" as that term is defined in 17 C.F.R. 240.16a1(e), and may be exercised during the lifetime of the Participant only by the Participant or in the event of the Participant's incapacity, by the Participant's legal representative. The terms of the Option shall be binding upon the executors, administrators, successors and assigns of the Participant.

8. COMPANY'S REPURCHASE OPTION FOR UNVESTED SHARES. The Company, or its assignee, shall have the option to repurchase Participant's Unvested Shares (as defined in Section 2.1 of this Agreement) on the terms and conditions set forth in the Exercise Agreement (the "***Repurchase Option***") if Participant is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation Participant's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause. Notwithstanding the foregoing, the Company shall retain the Repurchase Option for Unvested Shares only as to that number of Unvested Shares (whether or not exercised) that exceeds the number of Vested shares which remain unexercised.

9. COMPANY'S RIGHT OF FIRST REFUSAL. Before any Vested Shares held by Participant or any transferee of such Vested Shares may be sold or otherwise transferred (including without limitation a transfer by gift or operation of law), the Company and/or its assignee(s) shall have an assignable right of first refusal to purchase the Vested Shares to be sold or transferred on the terms and conditions set forth in the Exercise Agreement (the "***Right of First Refusal***"). The Company's Right of First Refusal will terminate when the Company's securities become publicly traded.

10. **TAX CONSEQUENCES.** Set forth below is a brief summary as of the Effective Date of the Plan of some of the U.S. federal and applicable state tax consequences of exercise of the Option and disposition of the Shares. ***THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PARTICIPANT SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.***

10.1 Exercise of ISO. If the Option qualifies as an ISO, there will be no regular U.S. federal or applicable state income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for federal alternative minimum tax purposes and may subject the Participant to the alternative minimum tax in the year of exercise.

10.2 Exercise of Nonqualified Stock Option. If the Option does not qualify as an ISO, there may be regular U.S. federal and applicable state income tax liability upon the exercise of the Option. The Participant will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Participant is a current or former employee of the Company, the Company may be required to withhold from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

10.3 Disposition of Shares. The following tax consequences may apply upon disposition of the Shares.

(a) Incentive Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant set forth in the Grant Notice, any gain realized on disposition of the Shares will be treated as long term capital gain for U.S. federal and applicable state income tax purposes. If Shares purchased under an ISO are disposed of within either of the applicable one (1) year or two (2) year holding periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long-term capital gain.

(c) Withholding. The Company may be required to withhold from the Participant's compensation or collect from the Participant and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

10.4 Section 83(b) Election for Unvested Shares Purchased by Early Exercise. With respect to Unvested Shares which are subject to the Repurchase Option, unless an election is filed by the Participant with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), within 30 days of the purchase of the Unvested Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Participant, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

11. PRIVILEGES OF STOCK OWNERSHIP. The Participant shall not have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant.

12. INTERPRETATION. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant.

13. ENTIRE AGREEMENT. The Plan is incorporated herein by reference. This Stock Option Agreement, the Grant Notice and the Plan constitute the entire agreement of the parties and supersede all prior undertakings and agreements with respect to the subject matter hereof.

14. NOTICES. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Participant shall be in writing and addressed to the Participant at the last address provided by the Participant to the Company. All notices shall be deemed to have been given or delivered upon: (i) personal delivery; (ii) three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); or (iii) one (1) business day after deposit with any return receipt express courier (prepaid).

15. SUCCESSORS AND ASSIGNS. The Company may assign any of its rights under this Agreement, including its rights to purchase Shares under the Right of First Refusal and Repurchase Option. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Stock Option Agreement shall be binding upon the Participant and the Participant's heirs, executors, administrators, legal representatives, successors and assigns.

16. GOVERNING LAW. This Stock Option Agreement shall be governed by and construed in accordance with the laws of the State of Delaware as such laws are applied to

agreements between Delaware residents entered into and to be performed entirely within Delaware. If any provision of this Stock Option Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

ANNEX A

FORM OF NOTICE OF EXERCISE (WITH ATTACHED FORM OF STOCK OPTION EXERCISE AGREEMENT)

ROOT, INC.
NOTICE OF EXERCISE

Root, Inc.
80 E. Rich Street, Ste. 500
Columbus, Ohio 43215

Ladies and Gentlemen:

1. **Option**. The person named below (the "***Purchaser***") was granted an option (the "***Option***") to purchase shares of Common Stock of Root, Inc., a Delaware corporation (the "***Company***") pursuant to the Company's 2015 Equity Incentive Plan (the "***Plan***"), by Notice of Stock Option Grant (the "***Grant Notice***") and the Stock Option Agreement (the "***Stock Option Agreement***") attached thereto, as described below.

Purchaser's Name: _____

Date of Option Grant: _____

Number of Shares Initially Subject to Option: _____

Exercise Price per Share: $ _____

Type of Option ☐ Incentive ☐ Nonqualified

2. **Exercise of Option**. I hereby elect to exercise the Option to purchase the following number of Shares, as authorized by the Grant Notice and the Stock Option Agreement:

Total Shares Purchased: _____

Total Exercise Price: $ _____
(Total Shares Purchase multiplied by the Exercise Price per Share)

3. **Payment**. I enclose payment in full of the total exercise price for the Shares in the following form(s)x, as authorized by my Stock Option Agreement:

☐ Cash (by ACH, or check, with a copy attached hereto as Attachment 3): $ _____

☐ Cancellation of indebtedness of the Company owed to me: $ _____

Number of Shares Initially Subject to Option: $ _____

☐ Tender of _____ fully paid, nonassessable and vested shares of Company Common Stock (such shares must meet the eligibility requirements set forth in Section 4.3(b) of the Option Agreement): $ _____

☐ Waiver of compensation due or accrued for services: $ _____

4. **Optionee Information**.

My address is: _____

_____

My Social Security Number is: _____

5. **Title to Shares**. The exact spelling of the name(s) under which I will take title to the Shares is:

I desire to take title to the Shares as follows:

☐ Individual, as separate property

☐ Husband and wife, as community property

☐ Joint Tenants

☐ Other; please specify: _____

To assign the Shares to a trust, a stock transfer agreement in the form provided by the Company (the "***Stock Transfer Agreement***") must be completed and executed.

6. **Exhibits**. I hereby acknowledge that (i) I (and my spouse, if any) have executed two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form attached as Attachment 1 hereto (the "***Stock Powers***"); and (ii) if I am married, my spouse has executed a Consent of Spouse in the form attached as Attachment 2 hereto (the "***Spouse Consent***"), all of which are delivered herewith to the Company.

I acknowledge and agree that it is my sole responsibility, if I so desire, to prepare and file the election under Section 83(b) of the Code in connection with any exercise of the Option for

Unvested Shares and as discussed in Section 10.4 of the Stock Option Agreement. A form of Election Under Section 83(b) of the Internal Revenue Code is attached hereto as Attachment 4.

I acknowledge and agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Plan and the Stock Option Exercise Agreement attached hereto as Exhibit A, including the Right of Repurchase and Right of First Refusal set forth therein. The Plan and the Stock Option Exercise Agreement are incorporated herein by reference. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or in the Stock Option Exercise Agreement, as applicable. I acknowledge receipt of a copy of the Plan and the Stock Option Exercise Agreement, represent that I have carefully read and am familiar with their provisions, and hereby accept the Shares subject to all of their terms and conditions. I acknowledge that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares and that I should consult a tax adviser prior to such exercise or disposition.

This Notice of Exercise and the Stock Option Exercise Agreement shall be effective as of the later date on which this Notice is executed by the Company and the Purchaser.

Very truly yours,

_____

(Signature)

Name: _____

Dated: _____

Receipt of the above is hereby acknowledged.

Root, Inc.

By: _____

Name: _____

Title: _____

Dated: _____

ATTACHMENTS: Attachment 1 – Stock Power and Assignment Separate from Stock Certificate
Attachment 2 – Spousal Consent
Attachment 3 – Copy of Purchaser's check (if applicable)
Attachment 4 – Section 83(b) Election
Exhibit A – Stock Option Exercise Agreement

ATTACHMENT 1

STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE

Stock Power And Assignment
Separate From Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement dated as of _____ (the "***Agreement***"), the undersigned hereby sells, assigns and transfers unto _____,_____ shares of the Common Stock, $0.0001 par value per share, of Root, Inc., a Delaware corporation (the "***Company***"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). ___ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. *THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE AGREEMENT AND ANY EXHIBITS THERETO.*

Dated: _____

PURCHASER

_____
(Signature)

_____
(Please Print Name)

_____
(Spouse's Signature, if any)

_____
(Please Print Spouse's Name)

Instructions to Purchaser: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares pursuant to its "Right of First Refusal" and, if applicable, its "Repurchase Option" set forth in the Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

Stock Power And Assignment
Separate From Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement dated as of _____ (the "***Agreement***"), the undersigned hereby sells, assigns and transfers unto _____,_____ shares of the Common Stock, $0.0001 par value per share, of Root, Inc., a Delaware corporation (the "***Company***"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). ___ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. *THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE AGREEMENT AND ANY EXHIBITS THERETO.*

Dated: _____

PURCHASER

_____
(Signature)

_____
(Please Print Name)

_____
(Spouse's Signature, if any)

_____
(Please Print Spouse's Name)

Instructions to Purchaser: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares pursuant to its "Right of First Refusal" and, if applicable, its "Repurchase Option" set forth in the Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

ATTACHMENT 2

SPOUSE CONSENT

Spouse Consent

The undersigned spouse of _____ (the "Purchaser") has read, understands, and hereby approves the Notice of Exercise (the "***Exercise Notice***") and the Stock Option Exercise Agreement between Purchaser and the Company (the "***Exercise Agreement***"). In consideration of the Company's granting my spouse the right to purchase the Shares as set forth in the Exercise Notice and the Agreement, the undersigned hereby agrees to be irrevocably bound by the Exercise Notice and the Exercise Agreement and further agrees that any community property interest I may have in the Shares shall similarly be bound by the Exercise Notice and the Exercise Agreement. The undersigned hereby appoints Purchaser as my attorney-in-fact with respect to any amendment or exercise of any rights under the Exercise Notice and the Agreement.

Dated: _____

_____

Print Name of Purchaser's Spouse

_____

Signature of Purchaser's Spouse

Address: _____

_____

Check this box if you do not have a spouse. ☐

ATTACHMENT 3

COPY OF PURCHASER'S CHECK

OR CHECK HERE IF PAYMENT IS BY ACH ____

ATTACHMENT 4

SECTION 83(b) ELECTION

IRS Section 83(b) Election Form

COMPLETE THE FOLLOWING STEPS WITHIN 30 DAYS OF YOUR AWARD DATE TO MAKE AN 83(B) ELECTION. THIS YOUR RESPONSBILITY. YOU (AND NOT THE COMPANY OR ANY OF ITS AGENTS) SHALL BE SOLEY RESPONSIBLE FOR FILING SUCH FORM WITH THE IRS, EVEN IF YOU REQUEST THE COMPANY OR ITS AGENTS TO MAKE THIS FILING ON YOUR BEHALF AND EVEN IF THE COMPANY OR ITS AGENTS HAVE PREVIOUSLY MADE THIS FILING ON YOUR BEHALF.

Print this form and mail to the IRS within 30 days of your Award Date (the date you initiated your exercise). A list of IRS Service Centers is available directly beneath these instructions (current, as of the 12/31/2017). We recommend mailing this form using certified mail, with return receipt requested. See the following for a current listing of the locations to file:

https://www.irs.gov/filing/where-to-file-paper-tax-returns-with-or-without-a-payment

Mail a copy of the completed form to your employer.

Where to file

If you live in:	Mail to:
Alabama, Georgia, Kentucky, New Jersey, North Carolina, South Carolina, Tennessee, Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
Florida, Louisiana, Mississippi, Texas	Department of the Treasury Internal Revenue Service Austin, TX 73301-0002
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin, Alaska, Arizona, California, Colorado, Hawaii, Idaho, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002
Delaware, Maine, Massachusetts, Missouri, New Hampshire, New York, Vermont	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
Connecticut, District of Columbia, Maryland, Pennsylvania, Rhode Island, West Virginia	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0002

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income; or (3) disqualifying disposition gross income, as the case may be.

1. Taxpayer's name: _____

   Taxpayer's address: _____

   Social security number: _____

2. The property with respect to which the election is made is described as follows:_____ shares of Common Stock of _____, (the "***Company***"), which were transferred by the Company, which is the Taxpayer's employer or the corporation for whom the Taxpayer performs services.

3. The date on which the shares were transferred was _____ and this election is made for calendar year _____.

4. The shares are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the Taxpayer's original purchase price under certain conditions at the time of Taxpayer's termination of employment or services.

5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was _____ per share × _____ shares = _____ at the time of transfer.

6. The amount paid for such shares upon transfer was _____ × _____ shares = _____.

7. The Taxpayer has submitted a copy of this statement to the Company.

*This election must be filed with the internal revenue service ("**IRS**"), at the office where the taxpayer files annual income tax returns, within 30 days after the date of transfer of the shares. The election cannot be revoked without the consent of the IRS.*

Taxpayer's Signature: _____ Dated: _____

Exhibit A to Notice of Exercise

ROOT, INC.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION EXERCISE AGREEMENT

1. EXERCISE OF OPTION.

1.1 Exercise. Pursuant to exercise of that certain option (the "***Option***") granted to the Purchaser (the "***Purchaser***") named on the Notice of Exercise (the "***Exercise Notice***") to which this Stock Option Exercise Agreement is attached, under the 2015 Equity Incentive Plan as may be amended from time to time (the "***Plan***"), of Root, Inc., a Delaware corporation (the "***Company***"), and subject to the terms and conditions of the Exercise Notice and this Stock Option Exercise Agreement (the "***Exercise Agreement***"), the Purchaser hereby purchases from the Company, and the Company hereby sells to the Purchaser, the Total Shares Purchased set forth in the Exercise Notice (the "***Shares***") of the Company's Common Stock, $0.001 par value per share, at the Exercise Price per Share set forth in the Exercise Notice (the "***Exercise Price***"). As used in this Exercise Agreement, the term "***Shares***" refers to the Shares purchased under the Exercise Notice and this Exercise Agreement and includes all securities received (i) in replacement of the Shares, (ii) as a result of stock dividends or stock splits with respect to the Shares, and (iii) all securities received in replacement of the Shares in a merger, recapitalization, reorganization or similar corporate transaction. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or the Exercise Notice.

1.2 Payment. The Purchaser hereby delivers payment of the Exercise Price as set forth in the Exercise Notice.

2. DELIVERY.

2.1 Deliveries by Purchaser. The Purchaser hereby delivers to the Company (i) the Exercise Notice, (ii) the Stock Powers, (iii) if applicable, the Spouse Consent, and (iv) the Exercise Price and payment or other provision for any applicable tax obligations as specified in the Exercise Notice.

2.2 Deliveries by the Company. Upon its receipt of the Exercise Price, payment or other provision for any applicable tax obligations and all the documents to be executed and delivered by the Purchaser to the Company under Section 2.1 above, the Company will issue a duly executed stock certificate evidencing the Shares in the name of the Purchaser to be placed in escrow as provided in Section 11 until expiration or termination of the Company's Right of Repurchase and Right of First Refusal described in Sections 8, 9 and 11, hereof.

3. REPRESENTATIONS AND WARRANTIES OF PURCHASER. The Purchaser represents and warrants to the Company that:

3.1 Agrees to Terms of the Plan. The Purchaser has received a copy of the Plan, the Grant Notice and the Stock Option Agreement, has read and understands the terms of the Plan, the Grant Notice, the Stock Option Agreement, the Exercise Notice and this Exercise

Agreement, and agrees to be bound by their terms and conditions. The Purchaser acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares, and that the Purchaser should consult a tax adviser prior to such exercise or disposition.

3.2 **Purchase for Own Account for Investment**. The Purchaser is purchasing the Shares for the Purchaser's own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act. The Purchaser has no present intention of selling or otherwise disposing of all or any portion of the Shares and no one other than the Purchaser has any beneficial ownership of any of the Shares.

3.3 **Access to Information**. The Purchaser has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that the Purchaser reasonably considers important in making the decision to purchase the Shares, and the Purchaser has had ample opportunity to ask questions of the Company's representatives concerning such matters and this investment.

3.4 **Understanding of Risks**. The Purchaser is fully aware of: (i) the highly speculative nature of the investment in the Shares; (ii) the financial hazards involved; (iii) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that the Purchaser may not be able to sell or dispose of the Shares or use them as collateral for loans); (iv) the qualifications and backgrounds of the management of the Company; and (v) the tax consequences of investment in the Shares. The Purchaser is capable of evaluating the merits and risks of this investment, has the ability to protect his or her own interests in this transaction and is financially capable of bearing a total loss of this investment.

3.5 **No General Solicitation**. At no time was the Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

4. **COMPLIANCE WITH SECURITIES LAWS**.

4.1 **Compliance with U.S. Federal Securities Laws**. The Purchaser understands and acknowledges that the Shares have not been registered with the SEC under the Securities Act and that, notwithstanding any other provision of the Grant Notice and/or Stock Option Agreement to the contrary, the exercise of any rights to purchase any Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. The Purchaser agrees to cooperate with the Company to ensure compliance with such laws.

4.2 **Compliance with Applicable State Securities Laws**. *ANY PROVISION OF THIS EXERCISE AGREEMENT THAT IS INCONSISTENT WITH APPLICABLE STATE SECURITIES REGULATIONS SHALL, WITHOUT FURTHER ACT OR AMENDMENT BY THE COMPANY OR THE BOARD, BE REFORMED TO COMPLY WITH THE REQUIREMENTS OF SUCH REGULATIONS. THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS EXERCISE AGREEMENT, IF NOT YET QUALIFIED WITH ANY APPLICABLE STATE AGENCY AND NOT EXEMPT FROM SUCH QUALIFICATION, IS SUBJECT TO SUCH*

QUALIFICATION, AND THE ISSUANCE OF SUCH SECURITIES, AND THE RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION, IS UNLAWFUL UNLESS THE SALE IS EXEMPT. THE RIGHTS OF THE PARTIES TO THIS EXERCISE AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED OR AN EXEMPTION BEING AVAILABLE.

5. RESTRICTED SECURITIES.

5.1 No Transfer Unless Registered or Exempt. The Purchaser understands that the Purchaser may not transfer any Shares unless such Shares are registered under the Securities Act or qualified under applicable state securities laws or unless, in the opinion of counsel to the Company, exemptions from such registration and qualification requirements are available. The Purchaser understands that only the Company may file a registration statement with the SEC and that the Company is under no obligation to do so with respect to the Shares. The Purchaser has also been advised that exemptions from registration and qualification may not be available or may not permit the Purchaser to transfer all or any of the Shares in the amounts or at the times proposed by the Purchaser.

5.2 SEC Rule 144. In addition, the Purchaser has been advised that SEC Rule 144 promulgated under the Securities Act, which permits certain limited sales of unregistered securities, is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of one (1) year, and in certain cases two (2) years, after they have been purchased and paid for (within the meaning of Rule 144). The Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as the Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

5.3 SEC Rule 701. The Shares are issued pursuant to SEC Rule 701 promulgated under the Securities Act and may become freely tradable by non-affiliates (under limited conditions regarding the method of sale) ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC, subject to the lengthier market standoff agreement contained in Section 7 of this Exercise Agreement or any other agreement entered into by the Purchaser. Affiliates must comply with the provisions (other than the holding period requirements) of Rule 144.

6. RESTRICTIONS ON TRANSFERS.

6.1 Disposition of Shares. The Purchaser hereby agrees that the Purchaser shall make no disposition of the Shares (other than as permitted by this Exercise Agreement) unless and until:

(a) The Purchaser shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) The Purchaser shall have complied with all requirements of this Exercise Agreement applicable to the disposition of the Shares;

(c) The Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that (i) the proposed disposition does not require registration of the Shares under the Securities Act or (ii) all appropriate actions necessary for compliance with the registration requirements of the Securities Act or of any exemption from registration available under the Securities Act (including Rule 144) have been taken; and

(d) The Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the Regulations referred to in Section 4.2 hereof.

6.2 Restriction on Transfer. The Purchaser shall not transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Shares that are subject to the Company's Right of First Refusal described below, except as permitted by this Exercise Agreement.

6.3 Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Exercise Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Exercise Agreement and that the transferred Shares are subject to (i) the Company's Right of Repurchase and Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 7 hereof, to the same extent such Shares would be so subject if retained by the Purchaser.

7. MARKET STANDOFF AGREEMENT. The Purchaser agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, the Purchaser will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) after the effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify. The Purchaser further

agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing.

8. COMPANY'S REPURCHASE OPTION FOR UNVESTED SHARES. The Company, or its assignee, shall have the option to repurchase all or a portion of the Shares that are Unvested Shares (as defined in the Stock Option Agreement) on the terms and conditions set forth in this Section (the "***Repurchase Option***") if Purchaser is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation, Purchaser's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause.

8.1 Termination and Termination Date. In case of any dispute as to whether Purchaser is Terminated, the Committee shall have discretion to determine whether Purchaser has been Terminated and the effective date of such Termination (the "***Termination Date***").

8.2 Exercise of Repurchase Option. At any time within ninety (90) days after the Purchaser's Termination Date (or, in the case of securities issued upon exercise of an Option after the Purchaser's Termination Date, within ninety (90) days after the date of such exercise), the Company, or its assignee, may elect to repurchase any or all the Shares that are Unvested Shares by giving Purchaser written notice of exercise of the Repurchase Option.

8.3 Calculation of Repurchase Price for Unvested Shares. The Company or its assignee shall have the option to repurchase from Purchaser (or from Purchaser's personal representative as the case may be) the Unvested Shares at the Purchaser's Exercise Price, proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan (the "***Repurchase Price***").

8.4 Payment of Repurchase Price. The Repurchase Price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by Purchaser to the Company or such assignee, or by any combination thereof. The Repurchase Price shall be paid without interest within the term of the Repurchase Option as described in Section 8.2.

8.5 Right of Termination Unaffected. Nothing in this Exercise Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Purchaser's employment or other relationship with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without Cause.

9. COMPANY'S RIGHT OF FIRST REFUSAL. Unvested Shares may not be sold or otherwise transferred by the Purchaser with the Company's prior written consent. Before any Vested Shares held by the Purchaser or any transferee of such Vested Shares (either sometimes referred to herein as the "***Holder***") may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will

have a right of first refusal to purchase the Vested Shares to be sold or transferred (the "***Offered Shares***") on the terms and conditions set forth in this Section (the "***Right of First Refusal***").

9.1 **Notice of Proposed Transfer**. The Holder of the Offered Shares will deliver to the Company a written notice (the "***Notice of Transfer***") stating: (i) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (ii) the name and address of each proposed purchaser or other transferee (the "***Proposed Transferee***"); (iii) the number of Offered Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares (the "***Offered Price***"); and (v) that the Holder acknowledges this Notice of Transfer is an offer to sell the Offered Shares to the Company and/or its assignee(s) pursuant to the Company's Right of First Refusal at the Offered Price as provided for in this Exercise Agreement.

9.2 **Exercise of Right of First Refusal**. At any time within thirty (30) days after the date of the Notice of Transfer, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice of Transfer, at the purchase price, determined as specified below.

9.3 **Purchase Price**. The purchase price for the Offered Shares purchased under this Section will be the Offered Price, provided that if the Offered Price consists of no legal consideration (as, for example, in the case of a transfer by gift) the purchase price will be the fair market value of the Offered Shares as determined in good faith by the Company's Board of Directors. If the Offered Price includes consideration other than cash, then the value of the non-cash consideration, as determined in good faith by the Company's Board of Directors, will conclusively be deemed to be the cash equivalent value of such non-cash consideration.

9.4 **Payment**. Payment of the purchase price for the Offered Shares will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The purchase price will be paid without interest within sixty (60) days after the Company's receipt of the Notice of Transfer, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice of Transfer.

9.5 **Holder's Right to Transfer**. If all of the Offered Shares proposed in the Notice of Transfer to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to each Proposed Transferee at the Offered Price or at a higher price, provided that (i) such sale or other transfer is consummated within one hundred twenty (120) days after the date of the Notice of Transfer, (ii) any such sale or other transfer is effected in compliance with all applicable securities laws, and (iii) each Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice of Transfer are

not transferred to each Proposed Transferee within such one hundred twenty (120) day period, then a new Notice of Transfer must be given to the Company pursuant to which the Company will again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

9.6 **Exempt Transfers**. Notwithstanding anything to the contrary in this Section, the following transfers of Vested Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Vested Shares during the Purchaser's lifetime by gift or on the Purchaser's death by will or intestacy to the Purchaser's "Immediate Family" (as defined below) or to a trust for the benefit of the Purchaser or the Purchaser's Immediate Family, provided that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Agreement will continue to apply to the transferred Vested Shares in the hands of such transferee or other recipient; (ii) any transfer or conversion of Vested Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations (except that the Right of First Refusal will continue to apply thereafter to such Vested Shares, in which case the surviving corporation of such merger or consolidation shall succeed to the rights of the Company under this Section unless (i) the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Securities Exchange Act of 1934, as amended; or (ii) the agreement of merger or consolidation expressly otherwise provides); or (iii) any transfer of Vested Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "***Immediate Family***" will mean the Purchaser's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of the Purchaser or the Purchaser's spouse, or the spouse of any of the above.

9.7 **Termination of Right of First Refusal**. The Right of First Refusal will terminate as to all Shares (i) on the effective date of the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC under the 1933 Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (ii) on any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Securities Exchange Act of 1934, as amended.

9.8 **Encumbrances on Vested Shares**. The Purchaser may grant a lien or security interest in, or pledge, hypothecate or encumber Vested Shares only if each party to whom such lien or security interest is granted, or to whom such pledge, hypothecation or other encumbrance is made, agrees in a writing satisfactory to the Company that: (i) such lien, security interest, pledge, hypothecation or encumbrance will not apply to such Vested Shares after they are acquired by the Company and/or its assignees under this Section; and (ii) the provisions of this Agreement will continue to apply to such Vested Shares in the hands of such party and any transferee of such party. The Purchaser may not grant a lien or security interest in, or pledge, hypothecate or encumber, any Unvested Shares.

10. **RIGHTS AS A STOCKHOLDER**. Subject to the terms and conditions of this Exercise Agreement, the Purchaser will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to the Purchaser until such time as the Purchaser disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Right of Repurchase or Right of First Refusal. Upon an exercise of the Right of Repurchase or Right of First Refusal, the Purchaser will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Exercise Agreement, and the Purchaser will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

11. **ESCROW**. As security for the Purchaser's faithful performance of this Exercise Agreement, the Purchaser agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s), together with the Stock Powers executed by the Purchaser and by the Purchaser's spouse, if any (with the date and number of Shares left blank), to the Secretary of the Company or other designee of the Company (the "***Escrow Holder***"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Exercise Agreement. The Purchaser and the Company agree that Escrow Holder will not be liable to any party to this Exercise Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Exercise Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Exercise Agreement. The Shares will be released from escrow upon termination of both the Right of Repurchase Option and Right of First Refusal.

12. **RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS**.

12.1 **Legends**. The Purchaser understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between the Purchaser and the Company or any agreement between the Purchaser and any third party:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN

INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, INCLUDING THE REPURCHASE AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S), AS SET FORTH IN A STOCK OPTION EXERCISE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS, INCLUDING THE RIGHT OF REPURCHASE AND RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180 DAY MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF ANY PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

12.2 **Stop-Transfer Instructions**. The Purchaser agrees that, to ensure compliance with the restrictions imposed by this Exercise Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

12.3 **Refusal to Transfer**. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

13. **TAX CONSEQUENCES**. *THE PURCHASER UNDERSTANDS THAT THE PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF THE PURCHASER'S PURCHASE OR DISPOSITION OF THE SHARES. THE PURCHASER REPRESENTS: (i) THAT THE PURCHASER HAS CONSULTED WITH ANY TAX ADVISER THAT THE PURCHASER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND (ii) THAT THE PURCHASER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE. IN PARTICULAR, IF UNVESTED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY, PURCHASER REPRESENTS THAT*

PURCHASER HAS CONSULTED WITH PURCHASER'S OWN TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WHICH MUST BE FILED WITHIN THIRTY (30) DAYS OF THE PURCHASE OF THE SHARES TO BE EFFECTIVE. Set forth below is a brief summary as of the date the Plan was adopted by the Board of some of the U.S. Federal and applicable state tax consequences of exercise of the Option and disposition of the Shares. *THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PURCHASER SHOULD CONSULT HIS OR HER OWN TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.*

13.1 **Exercise of Incentive Stock Option**. If the Option qualifies as an ISO, there will be no regular U.S. Federal income tax liability or applicable state income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for U.S. Federal alternative minimum tax purposes and may subject the Purchaser to the alternative minimum tax in the year of exercise.

13.2 **Exercise of Nonqualified Stock Option**. If the Option does not qualify as an ISO, there may be a regular U.S. Federal income tax liability and an applicable state income tax liability upon the exercise of the Option. The Purchaser will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Purchaser is or was an employee of the Company, the Company may be required to withhold from the Purchaser's compensation or collect from the Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

13.3 **Disposition of Shares**. The following tax consequences may apply upon disposition of the Shares.

(a) Incentive Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant as set forth in the Grant Notice, any gain realized on disposition of the Shares will be treated as long term capital gain for U.S. federal and applicable state income tax purposes. If Vested Shares purchased under an ISO are disposed of within either of the applicable one (1) or two (2) year holding periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long-term capital gain.

(c) Withholding. The Company may be required to withhold from the Purchaser's compensation or collect from the Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

13.4 **Section 83(b) Election for Unvested Shares**. With respect to Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by the Purchaser with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), **within 30 days of the purchase** of the Unvested Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Purchaser, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

14. **COMPLIANCE WITH LAWS AND REGULATIONS**. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and the Purchaser with all applicable state and U.S. Federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

15. **SUCCESSORS AND ASSIGNS**. The Company may assign any of its rights under this Exercise Agreement, including its right to purchase Shares under the Repurchase Option and its Right of First Refusal. This Exercise Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Agreement will be binding upon the Purchaser and the Purchaser's heirs, executors, administrators, legal representatives, successors and assigns.

16. **GOVERNING LAW; SEVERABILITY**. This Exercise Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware. If any provision of this Exercise Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

17. **NOTICES**. Any notice required to be given or delivered to the Company shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Purchaser shall be in writing and addressed to the Purchaser at the address indicated in the Exercise Notice or to such other address as the Purchaser may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: (i) personal delivery; (ii) three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); or (iii) one (1) business day after deposit with any return receipt express courier (prepaid).

18. **FURTHER INSTRUMENTS**. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of the Exercise Notice and/or this Exercise Agreement.

19. **HEADINGS**. The captions and headings of this Exercise Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Exercise Agreement. All references herein to Sections will refer to Sections of this Exercise Agreement.

20. **ENTIRE AGREEMENT**. The Plan, the Grant Notice, the Stock Option Agreement, the Exercise Notice and this Exercise Agreement, together with all Exhibits thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of the Exercise Notice and this Exercise Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

ROOT, INC.

2015 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Grant. Pursuant to the restricted stock unit grant summary (the "***Grant Notice***") on the website with which this Restricted Stock Unit Agreement (the "***Agreement***") is associated, Root, Inc., a Delaware corporation (the "***Company***"), has granted to the individual set forth in the Grant Notice (the "***Participant***") a Restricted Stock Unit Award consisting of that number of restricted stock units ("***RSUs***") set forth in the Grant Notice under the Root, Inc. Amended and Restated 2015 Equity Incentive Plan, as may be amended from time to time (the "***Plan***"), as set forth in the Grant Notice. By his or her electronic acceptance of the RSUs, Participant agrees to be bound by the terms and conditions contained in this Agreement, the Grant Notice and the Plan. Participant has reviewed the Grant Notice, this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting the RSUs and fully understands all provisions of the Grant Notice, this Agreement and the Plan. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan unless the context clearly indicates otherwise. Notwithstanding anything to the contrary anywhere else in this Agreement, this grant of RSUs is subject to the terms and provisions of the Plan, which is incorporated herein by reference and which shall control in the event of any inconsistency between this Agreement and the Plan.

2. RSUs. On or within thirty (30) days following each Vesting Date, the Company shall deliver one share of Common Stock with respect to each RSU that vests on such Vesting Date, which share shall be issued in certificated form or, if elected by the Company, uncertificated form through a book entry in the Company's records. Unless and until an RSU vests, the Participant will have no right to settlement in respect of any such RSU. Prior to actual settlement in respect of any vested RSU, such RSU will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting and Forfeiture.

(a) Subject to Sections 3(b) and 3(c) below, the RSUs shall vest as follows:

(i) Two vesting requirements must be satisfied on or before the Expiration Date[1] specified in the Grant Notice in order for an RSU to vest — a time-based requirement (the "***Time-Based Requirement***") and a liquidity event requirement (the "***Liquidity Event Requirement***"). No RSUs will vest (in whole or in part) if only one (or if neither) of such requirements is satisfied on or before the Expiration Date. If both the Time-Based Requirement and the Liquidity Event Requirement are satisfied on or before the Expiration Date, the vesting date ("***Vesting Date***") of a RSU will be the first date upon which both of those requirements were satisfied with respect to that particular RSU.

(ii) The Liquidity Event Requirement will be satisfied (as to any then-outstanding RSU that has not theretofore been terminated pursuant to Section 3(b) below) on the first to occur of: (1) the six month anniversary of or, if earlier, March 15 of the year following an Initial Public Offering or a Direct Listing or (2) the consummation of the Company's Acquisition. For the purposes of this Agreement, (A) an "***Initial Public Offering***" shall mean the first public offering of the Company's equity securities following the Grant Date set forth in the Grant Notice pursuant to an effective registration

[1] NTD: Expiration Date to be reflected in Carta as the 7th anniversary of the date of grant.

statement filed with the Securities and Exchange Commission (the "***SEC***") and (B) a "***Direct Listing***" shall mean the initial listing of the Company's equity securities on a national securities exchange by means of a registration statement on Form S-1 filed by the Company with the SEC that registers existing capital stock of the Company for resale.

(iii) The Time-Based Requirement will be satisfied in accordance with the schedule set forth in the Grant Notice, subject to Participant's continued status as an employee, officer, director or consultant of the Company or any Parent or Subsidiary of the Company through each applicable date in the schedule.

(b) In the event the Participant terminates service with the Company (or any Parent or Subsidiary of the Company) for any reason, such that the Participant is no longer an employee, officer, director or consultant of the Company or any Parent or Subsidiary of the Company, then all RSUs that have not satisfied the Time-Based Requirement on or prior to the date of such termination shall be immediately forfeited by the Participant as of the date of such termination without any payment of consideration therefor, and RSUs that have satisfied the Time-Based Requirement on or prior to the date of such termination shall remain eligible to vest subject to the satisfaction of the Liquidity Event Requirement prior to the Expiration Date.

(c) In addition, in the event that the Liquidity Event Requirement is not satisfied prior to the Expiration Date set forth in the Grant Notice, then the RSUs shall be forfeited in their entirety by the Participant as of the Expiration Date without any payment of consideration therefor.

4. Tax Withholding. The Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes (including the Participant's employment tax obligations, if any) required by law to be withheld with respect to any taxable event arising in connection with the RSUs and/or the shares of Common Stock. The Company shall not be obligated to deliver shares of Common Stock (whether in book entry or certificated form) to the Participant or the Participant's legal representative unless and until the Participant shall have paid or otherwise satisfied in full the amount of all federal, state and local withholding taxes applicable to the taxable income of the Participant arising in connection with the RSUs and/or the shares of Common Stock.

5. Rights as Stockholder. Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any shares of Common Stock that may become deliverable hereunder unless and until certificates representing such shares of Common Stock shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered in certificate or book entry form to the Participant or any person claiming under or through the Participant.

6. Non-Transferability. Except as may be expressly determined by the Committee, neither the RSUs nor any interest or right therein may be transferred in any manner except by will or by the laws of descent or distribution. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

7. Distribution of Shares. Notwithstanding anything herein to the contrary, (a) no payment shall be made under this Agreement in the form of shares of Common Stock unless such shares of Common Stock issuable upon such payment are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Committee has determined that such payment and issuance would be exempt from the registration requirements of the Securities Act, and (b) the Company

shall not be required to issue or deliver any shares of Common Stock (whether in certificated or book-entry form) pursuant to this Agreement prior to the fulfillment of the conditions set forth in the Plan. In addition, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares of Common Stock or other securities under any applicable laws, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition to the issuance of shares of Common Stock or other securities to the Participant (or his or her estate, as applicable), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will use reasonable efforts to meet the requirements of any such applicable laws and to obtain any such consent or approval of any such governmental authority.

8. Lock-Up Period. The Participant hereby agrees that if so requested by the Company or any representative of the underwriters (the "***Managing Underwriter***") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, the Participant shall not sell or otherwise transfer any shares of Common Stock or other securities of the Company during the one hundred eighty (180)-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "***Market Standoff Period***") following the effective date of a registration statement of the Company filed under the Securities Act; *provided*, that such restriction shall apply only to the Company's Initial Public Offering and to public offerings which include securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act (for the avoidance of doubt, such restriction shall also apply to a Direct Listing). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

9. Restrictions on Shares. Shares of Common Stock issued pursuant to the RSUs shall be subject to such terms and conditions as the Committee shall determine in its sole discretion, including, without limitation, transferability restrictions, repurchase rights, requirements that such shares of Common Stock be transferred in the event of certain transactions, rights of first refusal with respect to permitted transfers of shares, voting agreements, tag-along rights and bring-along rights. Such terms and conditions may, in the Committee's sole discretion, be contained in such other agreement as the Committee shall determine, in each case in a form determined by the Committee. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and/or the Participant's entering into such agreement or agreements. In addition, the Participant acknowledges and agrees that delivery of any shares of Common Stock in respect of RSUs shall be subject to and conditioned upon the Participant making such representations as the Committee shall deem necessary or advisable, in its sole discretion.

10. Securities Law Compliance. The Participant agrees and acknowledges that the Participant will not transfer in any manner the shares of Common Stock or other securities issued pursuant to the RSUs granted by this Agreement unless (i) the transfer is pursuant to an effective registration statement under the Securities Act, or the rules and regulations in effect thereunder, or (ii) counsel for the Company shall have reasonably concluded that no such registration is required because of the availability of an exemption from registration under the Securities Act. To the extent permitted by any applicable laws, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such applicable laws.

11. No Effect on Service Provider Status. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue to serve the Company or any Parent or Subsidiary thereof in any capacity, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary thereof, which rights are hereby expressly reserved, to discharge the Participant at

any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Participant and the Company or any Parent or Subsidiary thereof.

12. Severability. In the event that any provision in this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement, which shall remain in full force and effect.

13. Investment Representations. The Participant hereby represents, warrants, covenants, acknowledges and agrees on behalf of the Participant that (i) the Participant is holding the RSUs for the Participant's own account, and not for the account of any other person, and (ii) the Participant is holding the RSUs for investment and not with a view to distribution or resale thereof except in compliance with applicable laws regulating securities.

14. Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement. The Participant represents that the Participant has consulted with any tax consultants that the Participant deems advisable in connection with the RSUs and that the Participant is not relying on the Company for tax advice.

15. Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee.

16. Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Securities Exchange Act of 1934, as amended, and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and all applicable state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

17. Code Section 409A. The RSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with all related Department of Treasury guidance, "***Section 409A***"). However, notwithstanding any other provision of the Plan, this Agreement or the Grant Notice to the contrary, if the Committee determines that the RSUs or any amounts payable under this Agreement may be subject to Section 409A, the Committee may adopt such amendments to the Plan, this Agreement or the Grant Notice or adopt other policies or procedures (including amendments, policies and procedures with retroactive effective), or take any other action that the Committee determines to be necessary or appropriate to either (a) exempt the amounts payable under this Agreement from Section 409A and/or preserve the intended tax treatment of such amounts, or (b) comply with the requirements of Section 409A; *provided, however*, that nothing in this Section 17 shall create any obligation on the part of the Company to adopt any such amendment or take any other action.

18. Adjustments. The Participant acknowledges that the RSUs are subject to modification and termination in certain events as provided in this Agreement and Sections 2.2 and 18 of the Plan.

19. Notices. Notices required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the Participant to his or her address shown in the

Company records, and to the Company at its principal executive office, or to such other address as either party may designate in writing from time to time to the other party or when delivered by electronic mail to the electronic mail address set forth in the Grant Notice or elsewhere on the website with which this Agreement is associated.

20. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

21. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Ohio, without giving effect to any principles of conflicts of law.

22. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of July 7, 2016 (the "**Effective Date**") between **SILICON VALLEY BANK** ("**Bank**"), and **IBOD COMPANY, INC.** ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Growth Capital Term Loan.

(a) Availability. Subject to the terms and conditions of this Agreement, during the Draw Period, Bank shall make one Advance of up to Five Million Dollars ($5,000,000). After repayment, no part of the Advance may be reborrowed.

(b) Repayment. Borrower shall make interest-only payments from the date of the Advance through the first anniversary of the Effective Date. The outstanding principal amount of the aggregate Advance outstanding on such anniversary are payable in (i) 36 consecutive equal monthly installments of principal plus (ii) monthly payments of accrued interest, beginning on August 1, 2017 and ending on the Maturity Date. All unpaid principal and interest on the Advance shall be due on the Maturity Date.

(c) Prepayment. Borrower may prepay all or any part of the Advances at any time. Prepayments shall apply first to fees, then to interest, and then to principal installments in reverse order of maturity.

2.2 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.2(b), the principal amount of the Advances shall accrue interest at a floating per annum rate equal to one half percentage point (0.5%) below the Prime Rate (but not in any case less than 0%).

(b) Final Payment of Deferred Interest. On the soonest to occur of (i) the Maturity Date, (ii) the date that Borrower prepays the Advance, and (iii) the date that the Advance becomes due and payable, Borrower shall pay Bank an amount equal to $300,000 on account of additional deferred interest.

(c) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(d) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the floating Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(e) Computation; 360-Day Year. In computing interest, the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; *provided, however,* that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed.

(f) Debit of Accounts. Bank may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

(g) Payment Date. Unless otherwise provided, interest and each principal installment is payable monthly on the first calendar day of each month.

2.3 Fees. Borrower shall pay to Bank:

(a) Commitment Fee. A fully earned, non-refundable commitment fee of $20,000 on account of the Growth Capital Line;

(b) Late Payment Fee. A late payment fee equal to five percent (5%) of any payment not paid when due;

(c) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due.

2.4 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

2.5 Payments; Application of Payments.

(a) All payments (including prepayments) to be made by Borrower under any Loan Document shall be made in immediately available funds in U.S. Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Bank shall apply the whole or any part of collected funds against the Growth Capital Line or credit such collected funds to a depository account of Borrower with Bank (or an account maintained by an Affiliate of Bank), the order and method of such application to be in the sole discretion of Bank. Borrower shall

have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed original signatures to the Loan Documents;

(b) duly executed original signatures to the Warrant;

(c) duly executed original signatures to the Control Agreement[s];

(d) Borrower's and each Subsidiary's Operating Documents and a good standing certificate of Borrower and each Subsidiary certified by the Secretary of State of the state of organization as of a date no earlier than thirty (30) days prior to the Effective Date;

(e) an officer's certificate of the Borrower certifying as to resolutions approved by Borrower's Board of Directors and incumbency, and a copy of resolutions adopted by Borrower's stockholders;

(f) evidence satisfactory to Bank that Borrower and each Subsidiary has received all regulatory approvals appropriate for the operation of its business;

(g) evidence satisfactory to Bank that Borrower has received from Drive Capital or its Affiliates at least $3,000,000 of proceeds from the sale or issuance of its equity or Subordinated Debt securities, and that the acquisition of Root pursuant to the Purchase Agreement has been consummated;

(h) certified copies, dated as of a recent date, of financing statement searches, as Bank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(i) the Perfection Certificate of Borrower, together with the duly executed original signature thereto;

(j) an intellectual property security agreement;

(k) a landlord's consent in favor of Bank, together with the duly executed original signatures thereto;

(l) a copy of Borrower's Investors' Rights Agreement and any amendments thereto;

(m) the original stock certificates representing the Shares, together with appropriate transfer instruments, executed and in blank;

(n) evidence satisfactory to Bank of the consummation of the acquisition pursuant to the Purchase Agreement; and

(o) payment of the fees and Bank Expenses then due as specified in Section 2.4 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of an executed Payment/Advance Form;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Payment/Advance Form and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) in Bank's sole discretion, there has not been a Material Adverse Change.

3.3 Post-Closing Deliveries. Within 15 days of the Effective Date, Borrower shall deliver to Bank:

(a) evidence satisfactory to Bank that the insurance policies required by Section 6.4 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank with respect to Borrower's insurance.

3.4 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.5 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower must notify Bank (which notice shall be irrevocable) by electronic mail or facsimile no later than 12:00 p.m. Pacific time on the Funding Date. The notice shall be a Payment/Advance Form, must be signed by a Responsible Officer or designee. If Borrower satisfies the conditions of each Advance, Bank shall disburse such Advance by transfer to the Designated Deposit Account.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien in this Agreement. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least

one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that may have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank. If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at Borrower's sole cost and expense, release its Liens in the Collateral and all rights therein shall revert to Borrower.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

4.4 Pledge of Collateral. Borrower hereby pledges, assigns and grants to Bank a security interest in all the Shares, together with all proceeds and substitutions thereof, all cash, stock and other moneys and property paid thereon, all rights to subscribe for securities declared or granted in connection therewith, and all other cash and noncash proceeds of the foregoing, as security for the performance of the Obligations. On the Effective Date, or, to the extent not certificated as of the Effective Date, within ten (10) days of the certification of any Shares, the certificate or certificates for the Shares will be delivered to Bank, accompanied by an instrument of assignment duly executed in blank by the applicable Borrower. To the extent required by the terms and conditions governing the Shares, such Borrower shall cause the books of each entity whose Shares are part of the Collateral and any transfer agent to reflect the pledge of the Shares. Upon the occurrence and during the continuance of an Event of Default hereunder, Bank may effect the transfer of any securities included in the Collateral (including but not limited to the Shares) into the name of Bank and cause new (as applicable) certificates representing such securities to be issued in the name of Bank or its transferee. Each Borrower will execute and deliver such documents, and take or cause to be taken such actions, as Bank may reasonably request to perfect or continue the perfection of Bank's security interest in the Shares. Unless an Event of Default shall have occurred and be continuing, each Borrower shall be entitled to exercise any voting rights with respect to the Shares and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be inconsistent with any of the terms of this Agreement or which would constitute or create any violation of any of such terms. All such rights to vote and give consents, waivers and ratifications shall terminate upon the occurrence and continuance of an Event of Default.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate". Borrower represents and warrants to Bank that all information set forth on the Perfection Certificate is accurate and complete (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the

Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or (v) constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, has rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no deposit accounts other than the deposit accounts with Bank, the deposit accounts, if any, described in the Perfection Certificate delivered to Bank in connection herewith, or of which Borrower has given Bank notice and taken such actions as are necessary to give Bank a perfected security interest therein.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business. Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Litigation. There are no actions or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, One Hundred Thousand Dollars ($100,000).

5.4 Financial Statements; Financial Condition. All consolidated and consolidating financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's consolidated and consolidating financial condition and Borrower's consolidated and consolidating results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.5 Solvency. The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards

Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Government Authorities that are necessary to continue their respective businesses as currently conducted.

5.7 Subsidiaries; Investments. Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower. Borrower may defer payment of any contested taxes, provided that Borrower (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Bank in writing of the commencement of, and any material development in, the proceedings, (c) posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Advances to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).**Definition of "Knowledge**.**"** For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

5.11 Shares. Borrower has full power and authority to create a first lien on the Shares and no disability or contractual obligation exists that would prohibit Borrower from pledging the Shares pursuant to this Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. The Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Deliver to Bank:

(a) Monthly Financial Statements. As soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet and income statement, together with an accounts payable aging covering Borrower's consolidated and consolidating operations for such month, each certified by a Responsible Officer and in a form acceptable to Bank (the "**Monthly Financial Statements**");

(b) Monthly Compliance Certificate. Within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Certificate signed by a Responsible Officer;

(c) Annual Audited Financial Statements. As soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's fiscal year, audited consolidated and consolidating financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Bank in its reasonable discretion;

(d) Other Statements. Within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(e) SEC Filings. In the event that Borrower becomes subject to the reporting requirements under the Exchange Act within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the Internet at Borrower's website address;

(f) Board Projections. Within 31 days of the last day of each fiscal year (and more frequently, as updated), annual board-approved operating budgets and projections.

(g) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, One Hundred Thousand Dollars ($100,000) or more;

(h) Intellectual Property Notice. Prompt written notice of (i) any material change in the composition of the Intellectual Property, (ii) the registration of any copyright, including any subsequent ownership right of Borrower in or to any copyright, patent or trademark not previously disclosed in writing to Bank, and (iii) Borrower's knowledge of an event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property; and

(i) Other Information. Other information reasonably requested by Bank.

6.3 Taxes; Pensions. Timely file all required tax returns and reports and timely pay all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.4 Insurance. Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Bank. All Borrower's property policies shall have a lender's loss payable endorsement showing Bank as lender loss payee and waive subrogation against Bank. All Borrower's liability policies shall show, or have endorsements showing, Bank as an additional insured. All policies (or the loss payable and additional insured endorsements) shall provide that the insurer shall give Bank at least twenty (20) days notice before canceling, amending, or declining to renew its policy. At Bank's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy of Borrower shall, at Bank's option, be payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to Fifty Thousand Dollars ($50,000) with respect to any loss, but not exceeding One Hundred Thousand Dollars ($100,000) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations. If Borrower fails to obtain insurance as required under this Section 6.4 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.4, and take any action under the policies Bank deems prudent. Borrower shall cause Root and any other Subsidiary that is an insurance company to maintain reinsurance satisfactory to Bank.

6.5 Operating Accounts.

(a) Maintain its operating and other deposit accounts and securities accounts with Bank and Bank's Affiliates.

(b) Provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such.

6.6 Minimum Cash. Borrower and its Subsidiaries, on a consolidated basis, shall maintain at all times a balance of unrestricted Cash of at least $4,500,000.

6.7 Protection of Intellectual Property Rights.

(a) (i) Protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Bank in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within thirty (30) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.8 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.9 Access to Collateral; Books and Records. Allow Bank, or its agents, at reasonable times, on one (1) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), to inspect the Collateral and audit and copy Borrower's Books. The foregoing inspections and audits shall be at Borrower's expense.

6.10 Formation or Acquisition of Subsidiaries. At the time that Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date, Borrower shall (a) cause such new Subsidiary (except Root) to provide to Bank a joinder to the Loan Agreement to cause such Subsidiary to become a co-borrower hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance satisfactory to Bank, and (b) provide to Bank all other documentation in form and substance satisfactory to Bank which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.10 shall be a Loan Document.

6.11 Approval for Distributions. Upon written request by Bank, Borrower shall, within 30 days submit, or cause to be submitted, a request for approval by the Ohio Department of Insurance (or other applicable regulatory entity) to cause Root to distribute to Borrower the maximum amount of cash permitted under state and federal law, (b) use its reasonable best efforts to obtain such approval for cash distributions in an amount by which cash held by Root exceeds the amount required to be held by Root pursuant to minimum capital requirements under applicable law, (c) cause Root to promptly distribute to Borrower all cash for which such approval is obtained, and (d) hold all cash so distributed in accordance with Section 6.5 and use all such cash to pay the Obligations when due.

6.12 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; and (c) in connection with Permitted Liens and Permitted Investments; and (d) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States.

7.2 Changes in Business, Management, Ownership, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) any Key Person ceases to hold such offices with Borrower and replacements satisfactory to Bank are not made within 30 days after their departure from Borrower; or (ii) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than 40% of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Bank the venture capital investors prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction), or permit or suffer any Change in Control.

Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Ten Thousand Dollars ($10,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Ten Thousand Dollars ($10,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Ten Thousand Dollars ($10,000) to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will first receive the written consent of Bank, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Bank in its sole discretion.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person, except for the transaction pursuant to the Purchase Agreement, which has been consummated as of the Effective Date. A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, permit any Subsidiary to do so, other than Permitted Indebtedness, or permit Root to incur any liabilities other than liabilities to policyholders pursuant to insurance policies issued in the ordinary course;

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit Root to suffer any Lien on any of its property except Liens described in subsection (b) and (j) of the definition of Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of

Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.5(b) hereof.

7.7 Distributions. Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars ($100,000) per fiscal year.

7.8 Investments. Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.10 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to Bank.

7.11 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (a) or (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Section 6 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Investor Support. Bank determines, in its good faith judgment that Borrower's investors will not continue to fund Borrower in the amounts and timeframe necessary to enable Borrower to satisfy the Obligations as they become due and payable;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) on deposit or otherwise maintained with Bank or any Bank Affiliate, or (ii) a notice of lien or levy is filed against any of Borrower's assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting any material part of its business;

8.5 Insolvency (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while of any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Fifty Thousand Dollars ($50,000); or (b) any default by Borrower, the result of which could have a material adverse effect on Borrower's business;

8.7 Judgments. One or more final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars ($50,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower and the same are not, within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the discharge, stay, or bonding of such judgment, order, or decree);

8.8 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any

of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction.

8.9 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.10 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement;

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. While an Event of Default occurs and continues Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, notify any Person owing Borrower money of Bank's security interest in such funds, and verify the amount of such account;

(d) for any Letters of Credit, demand that Borrower (i) deposit cash with Bank in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then one hundred five percent (105%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then one hundred ten percent (110%), of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(e) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(f) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or the account of Borrower;

(g) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(h) place a "hold" on any account maintained by Borrower with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(i) demand and receive possession of Borrower's Books; and

(j) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Bank determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and Bank is under no further obligation to make Credit Extensions hereunder. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions terminates.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.4 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing, Bank may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Bank shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in

the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	IBOD COMPANY, INC. [***] Fax: [***] Email: [***]
If to Bank:	Silicon Valley Bank [***] Fax: Email: [***]

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such

action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

12 GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.2 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including

reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

12.6 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligation of Borrower in Section 12.2 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates; (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, that any prospective transferee or purchaser shall have entered into an agreement containing provisions substantially the same as those in this Section); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain after disclosure to Bank; or (ii) disclosed to Bank by a third party if Bank does not know that the third party is prohibited from disclosing the information. Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in

electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.13 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.14 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.15 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Advance**" is a cash advance under Section 2.1.1.

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"Bank" is defined in the preamble hereof.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign

exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"Borrowing Resolutions" are, with respect to any Person, those resolutions adopted by such Person's Board of Directors and delivered by such Person to Bank approving the Loan Documents.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

"**Change in Control**" means any event, transaction, or occurrence as a result of which (a) any "person" (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of Borrower, is or becomes a beneficial owner (within the meaning Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Borrower, representing twenty-five percent (25%) or more of the combined voting power of Borrower's then outstanding securities; or (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the Board of Directors of Borrower (together with any new directors whose election by the Board of Directors of Borrower was approved by a vote of not less than two-thirds of the directors then still in office who either were directions at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "**Code**" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Certificate**" is that certain certificate in the form attached hereto as Exhibit C.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation,

in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Credit Extension**" is any Advance or any other extension of credit by Bank for Borrower's benefit.

"**Default Rate**" is defined in Section 2.3(b).

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is Borrower's deposit account, account number *******126, maintained with Bank.

"**Dollars**," "**dollars**" or use of the sign "**$**" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Draw Period**" is the period of time from the Effective Date through the earlier to occur of (a) three months after the Effective Date and (b) July 31, 2016.

"**Effective Date**" is defined in the preamble hereof.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as

may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Growth Capital Line**" is an Advance in an aggregate amount of up to $5,000,000.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.2.

"**Initial Audit**" is Bank's inspection of the Collateral, and Borrower's Books.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means all of Borrower's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to a Borrower;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory

as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is Alexander Timm.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement, the Warrant, the Perfection Certificate, the Subordination Agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement between Borrower any Guarantor and/or for the benefit of Bank in connection with this Agreement, all as amended, restated, or otherwise modified.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Maturity Date**" is July 7, 2020

"**Monthly Financial Statements**" is defined in Section 6.2(a).

"**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, Bank Expenses and other amounts Borrower owes Bank now or later, whether under this Agreement, the Loan Documents, or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents.

"Operating Documents" are, for any Person, such Person's formation documents, as certified with the Secretary of State of such Person's state of formation on a date that is no earlier than 30 days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment/Advance Form**" is that certain form attached hereto as Exhibit B.

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of "Permitted Liens" hereunder;

(g) other Indebtedness not otherwise permitted by Section 7.4 not exceeding $50,000 in the aggregate outstanding at any time; and

(h) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (g) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date and shown on the Perfection Certificate and;

(b) Investments consisting of Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts in which Bank has a first priority perfected security interest;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (h) shall not apply to Investments of Borrower in any Subsidiary;

(i) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed Fifty Thousand Dollars ($50,000) in the aggregate in any fiscal year;

(j) Borrower's ownership of the capital stock of Root or any other Subsidiary, subject to compliance with Section 6.10;

(k) Investments of cash in Root in an amount necessary to satisfy minimum capital requirements of Root pursuant to applicable law;

(l) the acquisition of the capital stock of Root, which has occurred as of the Effective Date and in accordance with the terms of the Purchase Agreement; and

(m) other Investments not otherwise permitted by Section 7.7 not exceeding Fifty Thousand Dollars ($50,000) in the aggregate outstanding at any time.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Fifty Thousand Dollars ($50,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Fifty Thousand Dollars ($50,000) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extewe dnsion, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive license of Intellectual Property granted to third parties in the ordinary course of business, and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States;

(i) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7; and

(j) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that, except with respect to accounts held by Root, Bank has a perfected security interest in the amounts held in such deposit and/or securities accounts.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is the greater of (i) zero percent (0%) and (ii) the rate of interest per annum from time to time published in the Money Rates section of The Wall Street Journal or any successor publication as the "Prime Rate". If Bank determines in its sole discretion that such rate of interest is unavailable, "Prime Rate" shall mean the greater of (i) zero percent (0%) and (ii) the rate of interest per annum announced by Bank from time to time as its prime rate, which may not be the lowest rate of interest charged by Bank in connection with extensions of credit.

"**Purchase Agreement**" means the Stock Purchase Agreement, dated as of January 14, 2016, by and between Club Holding corporation and Borrower.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank's right to sell any Collateral.

"**Root**" means Root Insurance Company, an Ohio corporation.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"**Shares**" is one hundred percent (100%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by a Borrower or a Borrower's Subsidiary, in any Subsidiary.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

"**Warrant**" is that certain Warrant to Purchase Stock dated the Effective Date executed by Borrower in favor of Bank.

[Signature page follows.**]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

IBOD COMPANY, INC.

By *\/s\/ Alexander E. Timm*
Name: Alexander E. Timm
Title: CEO/President

BANK:

SILICON VALLEY BANK

By _____
Name: _____
Title: _____

FIRST AMENDMENT TO
LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT to Loan and Security Agreement (this "Amendment") is entered into as of January 26, 2017, by and between IBOD COMPANY, INC., a Delaware corporation ("Borrower") and SILICON VALLEY BANK, a California corporation ("Bank"). Capitalized terms used herein without definition shall have the same meanings given in the Agreement (as defined below).

RECITALS

A. Bank and Borrower previously entered into that certain Loan and Security Agreement dated as of July 7, 2016 (as amended, restated, supplemented or otherwise modified, the "Agreement").

B. Borrower has requested, and, subject to the representations and warranties of Borrower herein and upon the terms and conditions set forth in this Amendment, Bank is willing, to amend the Agreement as set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Amendments to Agreement.

1.1 Section 2.1.1(b) (Growth Capital Term Loan - Repayment). Section 2.1.1(b) of the Agreement is hereby amended to read as follows:

(b) Repayment. Borrower shall make interest-only payments from the date of the Advance through January 31, 2018. The outstanding principal amount of the Advance outstanding on January 31, 2018 is payable in (i) 30 consecutive equal monthly installments of principal plus (ii) monthly payments of accrued interest, beginning on February 1, 2018 and ending on the Maturity Date. All unpaid principal and interest on the Advance shall be due on the Maturity Date.

1.2 Section 4.5 (Release of Drive Capital Guaranty). Article 4 is amended to add a new Section 4.5 to read as follows:

4.5 Release of Drive Capital Guaranty. If Borrower provides Bank with evidence reasonably satisfactory to Bank that Borrower has received aggregate net cash proceeds from the issuance of a new series of preferred equity securities of at least Ten Million Dollars ($10,000,000) on terms acceptable to Bank, the Drive Capital Guaranty shall be released.

1.3 Section 6.6 (Minimum Cash). Section 6.6 of the Agreement is hereby amended to read as follows:

6.6 Financial Covenants. [Reserved.]

1.4 **Section 10 (Notices)**. Borrower's address set forth in Section 10 of the Agreement is hereby amended and restated as set forth below:

If to Borrower: IBOD COMPANY, INC.
[***]

Fax: [***]
Email: [***]

1.5 **Section 8.11 (Guaranty).** Article 8 is amended to add a new Section 8.11 to read as follows.

8.11 **Guaranty.** (a) Any Guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any Guaranty; or (c) the liquidation, winding up, or termination of existence of any Guarantor.

1.6 **Section 13.1 (Definitions)**. The following definitions are amended in, or added to, as applicable, Section 13.1 of the Agreement in appropriate alphabetical order as follows:

"**Drive Capital Guaranty**" is the Limited Guaranty, dated as of the First Amendment Date by Drive Capital Fund I, L.P.

"**First Amendment Date**" is January 26, 2017.

"**Guarantor**" is any Person providing a Guaranty in favor of Bank.

"**Guaranty**" is any guaranty of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented, including without limitation, the Drive Capital Guaranty.

1.7 **Exhibit C (Compliance Certificate)**. Exhibit C to the Agreement is hereby amended as set forth on Exhibit C hereto.

2. **Limitation of Amendments.**

2.1 The amendments set forth in Section 1, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or other modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

2.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

3. **Representations and Warranties.** To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

3.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date or time period, in which case they are true and correct as of such date or with respect to such time period), and (b) no Event of Default has occurred and is continuing;

3.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Agreement, as amended by this Amendment;

3.3 The currently effective organizational documents of Borrower have been delivered to Bank prior to the date of this Amendment and remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

3.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, have been duly authorized;

3.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

3.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

3.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

4. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5. Effectiveness. This Amendment shall be deemed effective upon (i) the due execution and delivery of this Amendment by each party hereto and delivery of same to Bank; (ii) the due execution and delivery of a guaranty in form satisfactory to Bank by Drive Capital Fund I, L.P.; and (iii) payment of a loan fee of $5,000 together with Bank Expenses incurred through the First Amendment Date.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

IBOD COMPANY, INC.

By	*/s/ Alexander E. Timm*
Name:	Alexander E. Timm
Title:	CEO

BANK:

SILICON VALLEY BANK

By	
Name:	
Title:	

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

IBOD COMPANY, INC.

By _____
Name: _____
Title: _____

BANK:

SILICON VALLEY BANK

By *\/s\/ Jordan Parcell*
Name: Jordan Parcell
Title: Vice President

SECOND AMENDMENT TO
LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDMENT to Loan and Security Agreement (this "**Amendment**") is entered into as of December 20, 2017, by and between **IBOD COMPANY, INC.**, a Delaware corporation ("**Borrower**") and **SILICON VALLEY BANK**, a California corporation ("**Bank**"). Capitalized terms used herein without definition shall have the same meanings given in the Agreement (as defined below).

RECITALS

A. Bank and Borrower previously entered into that certain Loan and Security Agreement, dated as of July 7, 2016, as amended by that certain First Amendment to Loan and Security Agreement, dated January 26, 2017 (as further amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**").

B. Bank and Borrower desire to amend certain terms of the Agreement as set forth in this Amendment.

C. Subject to the representations and warranties of Borrower herein and upon the terms and conditions set forth in this Amendment, Borrower and Bank hereby amend the Agreement as set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Amendments to Agreement.

1.1 Section 2.1.1 (Revolving Advances). Section 2.1.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

2.1.1 Revolving Advances

(a) Availability. Subject to the terms and conditions of this Agreement, Bank shall make Revolving Advances not exceeding the Revolving Line. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Maturity Date, when the principal amount of all Revolving Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

(c) Overadvances. If, at any time, the outstanding principal amount of the Revolving Advances exceeds the Revolving Line, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**"). Without limiting Borrower's obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate.

1.2 Section 2.1.2 (Growth Capital Term Loan I). A new Section 2.1.2 is hereby added to the Agreement to read as follows:

2.1.2 Growth Capital Term Loan I

(a) Availability. Bank has previously made one or more Advances in an aggregate amount of the Growth Capital Line I (collectively, the "**Growth Capital I Advances**"). As of the Second Amendment Date, the principal amount outstanding in respect of the Growth Capital I Advances is Five Million Dollars ($5,000,000). After the Second Amendment Date, no additional Advances shall be made on the Growth Capital Line I.

(b) Repayment. On the Second Amendment Date, Borrower shall repay in full all principal amount outstanding in respect of the Growth Capital I Advances from the proceeds of the Growth Capital II Advance funded on the Second Amendment Date. All unpaid principal and interest on the Growth Capital I Advances shall be paid on the first Payment Date after the Second Amendment Date.

1.3 Section 2.1.3 (Growth Capital Term Loan II). A new Section 2.1.3 is hereby added to the Agreement to read as follows:

2.1.3 Growth Capital Term Loan II.

(a) Availability. Subject to the terms and conditions of this Agreement, on the Second Amendment Date, Borrower shall request and Bank shall make a single Advance of Five Million Dollars ($5,000,000) (the "**Growth Capital II Advance**"). The proceeds of the Growth Capital II Advance shall be applied to repay in full the Growth Capital I Advances outstanding as of the Second Amendment Date. After repayment, no part of the Growth Capital II Advance may be reborrowed.

(b) Repayment. Borrower shall make interest-only payments from the date of the Growth Capital II Advance through the Growth Capital II Amortization Date. The outstanding principal amount of the Advance outstanding on the Growth Capital II Amortization Date is payable in (i) thirty-six (36)(or, if the Growth Capital II Amortization Date is extended in accordance with its terms, thirty (30)) consecutive equal monthly installments of principal plus (ii) monthly payments of accrued interest, beginning on the first Payment Date after the Growth Capital II Amortization Date and ending on the Growth Capital II Maturity Date. All outstanding principal and accrued but unpaid interest on the Growth Capital II Advance shall be due on the Growth Capital II Maturity Date.

(c) Prepayment. Borrower may prepay all or any part of the Growth Capital II Advance at any time without penalty. Prepayments shall apply first to fees, then to interest, and then to principal installments in reverse order of maturity.

1.4 Section 2.2(a) (Interest Rate). Section 2.2(a) of the Agreement is hereby amended and restated to read as follows:

(a) Interest Rate

(i) Revolving Advances. Subject to Section 2.2(c), the principal amount of the Revolving Advances shall accrue interest at a floating per annum rate equal to the Prime Rate, provided that upon the achievement of the Guaranty Release Condition, the principal amount of the Revolving Advances shall accrue interest at a floating per annum rate equal to the Prime Rate plus 0.75%.

(ii) Growth Capital Advances. Subject to Section 2.2(c), the principal amount of the Growth Capital Advances shall accrue interest at a floating per annum rate equal to the Prime Rate minus 0.5% (but not in any case less than 0%).

1.5 Section 2.2(b) (Final Payment of Deferred Interest). Section 2.2(b) of the Agreement is hereby amended and restated to read as follows:

(b) Final Payment of Deferred Interest. On the soonest to occur of (i) the Growth Capital II Maturity Date, (ii) the date that Borrower prepays the Growth Capital II Advance, and (iii) the date that the Growth Capital II Advance becomes due and payable, Borrower shall pay Bank an amount equal to $355,000 on account of additional deferred interest. For avoidance of doubt, no payment of deferred interest shall be due from Borrower upon the repayment of the Growth Capital I Advances pursuant to Section 2.1.2(b).

1.6 Section 2.2 (c) (Default Rate). Section 2.2(c) is hereby amended and restated in its entirety to state as follows:

(a) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(c) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

1.7 Section 2.3(b) (Unused Revolving Line Facility Fee). A new Section 2.3(b) is hereby added to the Agreement is to read as follows, and subsequent subsections in Section 2.3 are hereby renumbered accordingly:

(a) Unused Revolving Line Facility Fee. Payable quarterly in arrears commencing on December 31, 2017, and on the last day of each calendar quarter thereafter, prior to the Revolving Maturity Date, and on the Revolving Maturity Date, a fee (the "Unused Revolving Line Facility Fee") in an amount equal to one quarter of one percent (0.25%) per annum of the average unused portion of the Revolving Line, as determined by Bank, computed on the basis of a year with the number of days as set forth in Section 2.2(e). The unused portion of the Revolving Line, for purposes of this calculation, shall be calculated on a calendar year basis and shall equal the difference between (i) the Revolving Line, and (ii) the average for the period of the daily closing balance of the Revolving Advances outstanding.

1.8 Section 2.3(e) (Fees Fully Earned). A new Section 2.3(e) is hereby added to the Agreement to read as follows:

(a) Fees Fully Earned. Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Banks obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.3 pursuant to the terms of Section 2.5(c). Bank shall provide Borrower

written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.3.

1.9 Section 2.5(b) (Application of Payments.). Section 2.5(b) of the Agreement is hereby amended to read as follows:

(b) Except as otherwise set forth in this Agreement, Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement. Bank may debit any of Borrowers deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

1.10 Section 3.5 (Procedures for Borrowing). Section 3.5 of the Agreement is hereby amended to read as follows:

3.5 Procedures for Borrowing

(a) Revolving Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a Revolving Advance, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 p.m. Pacific time on the Funding Date of the Revolving Advance. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Payment/Advance Form executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank shall credit Revolving Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Revolving Advances are necessary to meet Obligations which have become due.

(b) Growth Capital Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a Growth Capital Advance set forth in this Agreement, to obtain a Growth Capital Advance, Borrower must notify Bank (which notice shall be irrevocable) by electronic mail or facsimile no later than 12:00 p.m. Pacific time on the Funding Date. The notice shall be a Payment/Advance Form, must be signed by a Responsible Officer or designee. If Borrower satisfies the conditions of each Growth Capital Advance, Bank shall disburse such Growth Capital Advance by transfer to the Designated Deposit Account.

1.11 Section 4.5 (Release of Guaranties). Section 4.5 of the Agreement is hereby amended to read as follows:

4.5 Release of Investor Guaranties. If the Guaranty Release Condition has been met, the Drive Capital Guaranty, Ribbit Capital Guaranty and SVB Capital Guaranty shall be released.

1.12 Section 6.2 (Monthly Financial Statements). Section 6.2 of the Agreement is hereby amended to read as follows:

(a) Monthly Financial Statements. As soon as available, but no later than thirty (30) days after the last day of each month, a Borrower-prepared consolidated and consolidating balance sheet and income statement, together with an accounts payable aging covering

Borrowers consolidated and consolidating operations for such month, each certified by a Responsible Officer and in a form acceptable to Bank (the "Monthly Financial Statements"), together with a report of Premium Accounts Receivable.

1.13 Section 6.6 (Liquidity Ratio). Section 6.6 of the Agreement is hereby amended to read as follows:

6.6 Liquidity Ratio. At all times after the Guaranty Release Condition has been met, Borrower shall maintain a Liquidity Ratio of at least 1.50 to 1.00, tested monthly.

1.14 Section 8.1 (Payment Default). Section 8.1 of the Agreement is hereby amended to read as follows:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Growth Capital II Maturity Date or Revolving Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (a) or (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period).

1.15 Section 10 (Notices). Bank's address in Section 10 of the Loan Agreement is hereby updated as follows:

Silicon Valley Bank
[***]
Email: [***]

1.16 Section 13 (Definitions – Additions and Amendments). The following defined terms are added to, or amended and restated in, Section 13 of the Agreement, in appropriate alphabetical order.

"**Adjusted Liquidity**" is, as of any date of determination, an amount equal to (i) Liquidity, as of such date, less (ii) Capital Reserve Requirements, as of such date, plus (iii) Premium Accounts Receivables.

"**Advance**" is the advance or funding by the Bank of any cash amount under this Agreement in connection with the Revolving Line, the Growth Capital Line I, or Growth Capital Line II.

"**Capital Reserve Requirements**" is the amount that Borrower or its Subsidiaries is required to maintain in accordance with applicable laws, rules or regulations.

"**Default Rate**" is defined in Section 2.2(c).

"**Direct Written Premium Amount**" is the amount charged by Borrower to insureds in exchange for coverages provided in accordance with the terms of an insurance contract, excluding, for avoidance of doubt, any amounts payable by Borrower in respect of reinsurance premiums with respect to such coverage, either assumed or ceded.

"**Direct Paid Loss Ratio**" is the percentage obtained by dividing (x) direct insurable losses paid by Borrower to claimants by (y) Direct Written Premium Amounts for the same period.

"**Drive Capital Guaranty**" is the Guaranty, dated as of the Second Amendment Date by Drive Capital Fund I, L.P.

"**Growth Capital Advances**" are, collectively, the Growth Capital I Advances and the Growth Capital II Advance.

"**Growth Capital I Advance**" is the Advance defined in Section 2.1.2(a) made under this Agreement prior to the Second Amendment Date.

"**Growth Capital II Advance**" is an Advance pursuant to Section 2.1.3(a).

"**Growth Capital II Amortization Date**" is December 31, 2018, provided that if Borrower meets the Performance Milestone, the Growth Capital II Amortization Date shall be June 30, 2019.

"**Growth Capital II Maturity Date**" is January 1, 2022.

"**Growth Capital Line I**" is that certain credit facility (existing prior to the Second Amendment Date) with a maximum principal balance of $5,000,000.

"**Growth Capital Line II**" is the growth capital loan as set forth in Section 2.1.3(a) with maximum principal balance equal to $5,000,000.

"**Guaranty**" is any guaranty of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented, including without limitation, the Drive Capital Guaranty, the Ribbit Capital Guaranty, and the SVB Capital Guaranty.

"**Guaranty Release Condition**" means Borrower shall have provided evidence satisfactory to Bank that the Liquidity Ratio is not less than 1.50:1.00, and no Event of Default has occurred that is continuing.

"**Liquidity**" is, at any date of determination, the sum of (a) the sum of (i) the aggregate balance of Deposit Accounts maintained in the name of Borrower, as of such date, and (ii) the aggregate amount of all marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State maintained in the name of Borrower, as of such date.

"**Liquidity Ratio**" is, as of any date of determination, the ratio of (i) Adjusted Liquidity, as of such date, to (ii) the Obligations, as of such date.

"**Overadvance**" has the meaning set forth in Section 2.1.1(c).

"**Payment Date**" is, with respect to each Advance, the first calendar day of the month after the Funding Date.

"**Performance Milestone**" is Borrower shall have provided evidence satisfactory to Bank prior to December 31, 2018, that Borrower has achieved, (i) Direct Written Premium Amount of at least $4,500,000, and (ii) Direct Paid Loss Ratio not in excess of 75%, in each case, for the same consecutive three-month period ending any time prior to December 31, 2018.

"**Premium Accounts Receivable**" is the carrying amount as of the balance sheet date due to Borrower from (a) agents and insureds, (b) uncollected premiums due and (c) others, net of the allowance for doubtful accounts

"**Revolving Advance**" is an Advance pursuant to Section 2.1.1(a).

"**Revolving Line**" is $10,000,000.

"**Revolving Maturity Date**" is December 20, 2019

"**Ribbit Capital Guaranty**" is the Guaranty, dated as of the Second Amendment Date by Ribbit Capital IV, L.P.

"**Second Amendment Date**" is December 20, 2017

"**SVB Capital Guaranty**" is the Guaranty, dated as of the Second Amendment Date by Capital Partners III, L.P.

"**Unused Revolving Line Facility Fee**" is defined in Section 2.3(b).

"**Warrant**" is (i) that certain Warrant to Purchase Stock dated the Effective Date, and (ii) the Warrant to Purchase Stock, dated the Second Amendment Date, in each case, executed by Borrower in favor of Bank.

1.17 Section 13 (Definitions – Removed). The following defined terms set forth in Section 13 are hereby deleted: "Draw Period" and "Maturity Date"

1.18 Exhibit C (Compliance Certificate). Exhibit C to the Agreement is amended as set forth on Exhibit C hereto.

2. Limitation of Amendments.

2.1. The amendments set forth in Section 1, above, are effective for the purpose set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver, or other modification of any other terms or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

2.2. This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, and are hereby ratified and confirmed and shall remain in full force and effect.

3. Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

3.1. Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date or time period, in which case they are true and correct as of such date or with respect to such time period), and (b) no Event of Default has occurred and is continuing;

3.2. The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, have been duly authorized;

3.3. The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

3.4. The execution and delivery by Borrower of this Amendment and the performance by Borrower of the obligations under the Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by

any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

3.5. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

4. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5. Effectiveness. This Amendment shall be deemed effective upon Bank's receipt of the following, in form and substance satisfactory to Bank, or satisfaction of the following conditions, as applicable:

5.1. this Amendment, duly executed by each party hereto;

5.2. Borrowing Certificate, duly executed by Borrower;

5.3. Drive Capital Guaranty, duly executed by Drive Capital Fund I, L.P.;

5.4. Ribbit Capital Guaranty, duly executed by Ribbit Capital IV, L.P.;

5.5. SVB Capital Guaranty, duly executed by Capital Partners III, L.P.;

5.6. Perfection Certificate, duly executed by Borrower;

5.7. Warrant to Purchase Stock, duly executed by Borrower;

5.8. payment of a loan fee of $25,000 together with Bank Expenses incurred through the Second Amendment Date.

[Signatures Follow]

[SIGNATURE PAGE TO SECOND AMENDMENT]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

IBOD COMPANY, INC.

By *_/s/ Alexander E. Timm_*
Name: Alexander E. Timm
Title: President/CEO

BANK:

SILICON VALLEY BANK

By _____
Name: _____
Title: _____

[SIGNATURE PAGE TO SECOND AMENDMENT]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

IBOD COMPANY, INC.

By _____
Name: _____
Title: _____

BANK:

SILICON VALLEY BANK

By *\/s\/ Jordan R. Parcell*
Name: Jordan R. Parcell
Title: Vice President

OFFICE LEASE AGREEMENT
BETWEEN

TWO25 COMMONS LLC

(Landlord)

AND

IBOD COMPANY, INC.

(Tenant)

TABLE OF CONTENTS

LIST OF EXHIBITS

OFFICE LEASE AGREEMENT

This Office Lease Agreement is made effective _____, 2018 ("Effective Date"), by and between **TWO25 COMMONS LLC**, an Ohio limited liability company ("Landlord"), and **IBOD COMPANY, INC.**, a Delaware corporation ("Tenant"), who hereby agree as follows:

§1. LEASE OF PREMISES

On the terms and subject to the conditions described in this lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, 65,834 leasable square feet of space (which leasable square footage was calculated by Landlord and Tenant in accordance with the Building Owners and Managers Association International Standard Method for Measuring Floor Area in Office Buildings (ANSI/BOMA Z65.1 2010)) within the 12 story building (the "Building") located upon the real property commonly known as 225 Third Street or 80 E. Rich Street, Columbus, Ohio, 43215, which real property is more fully described on the attached Exhibit A (the "Real Property"). The physical area within the Building to be leased by Tenant shall be located on the entire fourth floor of the Building ("Fourth Floor Premises") and the entire fifth floor of the Building ("Fifth Floor Premises"), as depicted on the attached Exhibit B (collectively, the Fourth Floor Premises and the Fifth Floor Premises shall be referred to as the "Leased Premises"). The Building is or will be during the Term of this lease, made up of an "Office Condominium", consisting of the bottom six stories of the Building, and a residential condominium consisting of the top six stories of the Building, pursuant to a Declaration and Bylaws, to be recorded in the Recorder's Office, Franklin County, Ohio ("Condominium Declaration").

Wherever used in this lease, the term Leased Premises shall include the non-exclusive use of and access to all sixth floor common areas, the first floor fitness facility with showers and lockers, the walkway connecting the Building to the Garage, the Building's ground floor outdoor plaza area, reception areas, common restrooms, and other interior common areas within the Office Condominium (all such non-exclusive areas except the Garage shall be the "Common Areas").

Landlord has entered into that certain Parking Agreement ("Parking Agreement") with Capitol South Community Urban Redevelopment Corporation ("CSCURC") to provide for the non-exclusive right and license for Tenant and other tenants of the Building to park in the Columbus Commons main structured parking garage located at 55 E. Rich Street, Columbus, Ohio 43215 ("Garage").

Pursuant to the terms of that certain Parking Agreement, attached hereto as Exhibit C, and by this reference is made a part hereof ("Tenant Parking Agreement"), which Tenant Parking Agreement is subject to the Parking Agreement in its present form and as it may later be amended from time to time (but in no event will Landlord amend or consent to any amendment of the Parking Agreement which shall materially affect Tenant's rights and obligations under the Tenant Parking Agreement without Tenant's prior written consent), for and during the Term of this lease, Landlord grants to Tenant the non-exclusive right for the parking of not less than 264 Passenger Vehicles (as defined in the Parking Agreement) and up to 700 Passenger Vehicles in the Garage. During the Term of this lease, Tenant shall pay to Landlord as Additional Rent (defined in §4, below), the monthly Parking Fee (as defined in the Tenant Parking Agreement). As more particularly set forth in §5, below, Landlord shall provide Tenant with notice of the amount of the Parking Fee for the upcoming calendar year, when Landlord delivers to Tenant the projected Operating Costs (as defined in §4, below) for said upcoming calendar year. Notwithstanding the foregoing, if the Parking Agreement terminates or expires at any time prior to the expiration of the Term of this lease, Tenant's rights for the parking of Passenger Vehicles in the Garage pursuant to this §1 of the lease shall also terminate and expire, without the need for any further action by Landlord or Tenant. In the

event that Tenant enters into another parking agreement as a result of the termination of the Tenant Parking Agreement at any time prior to the expiration of the Term of this lease because of the termination of the Parking Agreement due solely to Landlord's "Default" under Section 13.1 of the Parking Agreement ("Replacement Parking Agreement"), then the monthly Base Rent due under this lease will be abated in an amount equal to the difference, if any, between the then effective monthly Parking Fee that would have been due under the Tenant Parking Agreement for the number of Passenger Vehicles subject to the Tenant Parking Agreement as of the date of termination, but in no event not more than 264 Passenger Vehicles, and the amount of the monthly parking fee actually being paid by Tenant under the Replacement Parking Agreement for the number of Passenger Vehicles subject to the Tenant Parking Agreement as of the date of termination, but in no event not more than 264 Passenger Vehicles ("Parking Fee Abatement"); provided, however, that in no event shall the Parking Fee Abatement exceed more than $50,000 in any consecutive 12 month period.

This lease and Tenant's rights hereunder are subject to (a) the lien of real estate taxes and installments of assessments; (b) building and zoning laws, ordinances and regulations; (c) legal highways; (d) subject to the conditions in §18 below, any first mortgage on the Real Property granted by Landlord and any other mortgages heretofore or hereafter granted by Landlord as contemplated in §18 below; and (e) covenants, conditions and restrictions of record, including, but not limited to, the Condominium Declaration. Tenant acknowledges and agrees that Landlord, and not Tenant, shall have the sole voting right available under the Condominium Declaration with respect to the Office Condominium of which the Leased Premises is a part, and Landlord may exercise such rights as Landlord deems appropriate in its reasonable discretion, provided, however, that the Condominium Declaration, and Landlord's exercise of its rights thereunder, shall not materially increase Tenant's obligations or decrease Tenant's rights under this lease.

§2. TERM/RENEWAL TERMS

(a) Term. The term of this lease (the "Term") shall be for a period of six years (plus the number of days required by the second to last sentence of this subsection (a)), as the same may be extended as forth herein below, and shall commence on the earlier of (the "Commencement Date"): (a) the date the Tenant Improvements (as defined in §10, below) have been Substantially Completed (as defined in §10, below) and the Leased Premises are delivered to Tenant; or (b) the date Tenant takes possession of all or any part of the Leased Premises for the commencement of Tenant's business operations therein. Notwithstanding the immediately preceding sentence, in the event Tenant causes a Tenant Delay (as defined in §10, below) the "Commencement Date" for purposes of Tenant's obligations to pay Rent under §3 and §4 shall be the date Landlord would have completed the Tenant Improvements but for such Tenant Delay. In the event the Commencement Date is not the first day of a calendar month, the Term shall be extended for the number of days left in that first month. Not later than 30 days after the Commencement Date, Landlord and Tenant shall enter into amendment to this lease, which will confirm the Commencement Date of this lease.

(b) Renewal Term. Tenant shall have the right and option to extend the Term for the Fourth Floor Premises, Fifth Floor Premises, any other full floor of the Building that may be incorporated into this lease pursuant to the terms hereof, or all of the Leased Premises for two five-year renewal terms (each, a "Renewal Term"). Each Renewal Term shall be exercisable by delivery by Tenant to Landlord of a notice not later than 270 days prior to the expiration of the initial Term, or the then current Renewal Term, as applicable, which states that Tenant thereby exercises its right and option to extend the Term for a Renewal Term. All terms and conditions of this lease shall be applicable during each Renewal Term, except that the Base Rent for that Renewal Term shall be at market rents for similar space in Columbus, Ohio as agreed to by Landlord and Tenant.

In the determination of "market rents" in this section, Landlord and Tenant shall consider leases for space of comparable size, building quality, building location, area amenities, the financial strength of the tenant; the length of the term; expense stops; construction allowances and other tenant concessions available (such as moving expense allowance, free rent periods, and lease assumptions and take-over provisions, if any). For purposes of such calculation, it will be assumed that Landlord is paying a representative of Tenant a brokerage commission in connection with the Renewal Term in question, based on the then current market rents. Specifically, at the time Tenant notifies Landlord (the "Notice Date") of its election to renew the term of the lease for the applicable Renewal Term, Landlord and Tenant shall endeavor to determine the Base Rent for such Renewal Term. At a minimum, upon the occurrence of the Notice Date and for a period of not less than 45 days following the Notice Date, Landlord and Tenant shall in good faith work toward determining the Base Rent for the applicable Renewal Term. In the event Landlord and Tenant are unable to agree upon the same within such time frame (e.g. the 45 days), each shall within 15 days of the expiration of such time frame name a Qualified Appraiser (as such term is hereafter defined). In the event either party fails to timely name a Qualified Appraiser, the Qualified Appraiser named by the other party shall make all of the following determinations on his/her own. Within 30 days of the appointment of the last of the two Qualified Appraisers, or the expiration of the 15 days' time frame, provided above, if only one Qualified Appraiser is named, the Qualified Appraisers shall meet and determine their recommendation for the Base Rent for the applicable Renewal Term, which recommendation shall be made in accordance with the terms of this subsection 2(b). Such Qualified Appraiser(s) shall to the extent they agree upon the same, jointly issue the determination, and to the extent they do not agree upon the same they shall independently issue the same. If the Qualified Appraisers agree, the Base Rent shall be as so determined. If the Qualified Appraisers do not agree, but the higher recommended Base Rent is less than 10% higher than the lower recommended Base Rent for such Renewal Term, then the two shall be averaged together and the average of such recommendations shall be the Base Rent for such Renewal Term. If such recommended Base Rent is different by more than the 10% threshold set forth above, the two Qualified Appraisers shall name a third Qualified Appraiser and if they cannot agree to a third Qualified Appraiser within 10 days of the issuance of their respective recommendations, the then President of the Columbus Board of Realtors shall name a third Qualified Appraiser within the next following 10 days. In such event the third Qualified Appraiser shall within 30 days of his/her appointment make a recommendation and his/her recommendation shall be averaged with the recommendation of the other Qualified Appraiser's recommendation closest to it and the same shall be the Base Rent for such Renewal Term. A "Qualified Appraiser" is an MAI designated appraiser that has been actively engaged in the appraisal of urban office buildings in central Ohio for a period of not less than 10 consecutive years.

If Tenant exercises either Renewal Term, the term of this lease (or words of similar import) shall include such Renewal Terms.

(c) Early Access. At no cost to Tenant, Landlord shall provide Tenant, its representatives, and vendors access to the Leased Premises no later than 30 days prior to the Commencement Date ("Early Access Period") in order to enable Tenant to install Tenant's furniture, equipment, wiring and cabling (collectively, the "Tenant Work"); provided that such access shall not hinder Landlord's work relating to the completion of the Tenant Improvements or affect the operations of any other occupants in the Building and provided further that such installation shall be completed at Tenant's sole risk and expense. Such early access by Tenant shall be on the terms and subject to the conditions imposed upon Tenant under this lease (e.g. insurance, indemnification, etc.) other than Tenant's obligation to pay Base Rent and Additional Rent, as defined below.

§3. BASE RENT

During the Term, Tenant shall pay to Landlord base rent in United States dollars (the "Base Rent") based initially upon the leasable square footage of the Fifth Floor Premises (32,917sf) in the following amounts:

	Annual Base Rent/Square Foot*	**Monthly Base Rent**
Month 1-2	$0.00/$0.00	$0.00
Month 3-12	$608,964.48/$18.50	$50,747.04

[*Calculated on a per annum basis.]

Thereafter, Base Rent shall increase each year during the Term on the anniversary of the Commencement Date, or if the Commencement Date is not the first day of the month, then on the first day of the month following the Commencement Date, by an amount equal to 2.25%, per annum, on a year over year basis over the most recently expiring lease year.

Commencing June 1, 2019, Tenant shall pay Base Rent at the then applicable rate upon 10,972 leasable square feet of the Fourth Floor Premises, such that the total leasable square footage upon which Tenant is paying Base Rent shall be 43,889sf. Further, commencing August 1, 2019, Tenant shall pay Base Rent at the then applicable rate upon an additional 10,972 leasable square feet of the Fourth Floor Premises, such that the total leasable square footage upon which Tenant is paying Base Rent shall be 54,861sf. Finally, commencing December 1, 2019, Tenant shall pay Base Rent at the then applicable rate upon the final 10,973 leasable square feet of the Fourth Floor Premises, such that from and after December 1, 2019, for the remainder of the Term, Tenant will pay Base Rent upon the entire 65,834sf Leased Premises.

All payments of Base Rent due under this lease shall be due and payable in advance on or before the Commencement Date for the first month during the Term and on or before the first day of each calendar month thereafter, shall be made by normal business methods without demand, set-off, or deduction whatsoever, except to the extent expressly set forth herein, and shall be paid and addressed to Landlord at do The Daimler Group, Inc., 1533 Lake Shore Drive, Columbus, Ohio 43204, or at such other address as Landlord may designate to Tenant from time to time. If the Commencement Date is not the first day of a calendar month, the Base Rent for the first month of the Term shall be prorated on a daily basis.

§4. ADDITIONAL RENT

(a) Operating Costs. In addition to the Base Rent, Tenant shall pay to Landlord as additional rent, in the manner provided for in §5, below, in United States dollars, during the Term, Tenant's Pro Rata Share of Operating Costs (defined below) (the "Additional Rent"). For purposes of this lease:

(i) "Tenant's Pro Rata Share of Operating Costs" shall be a percentage determined by dividing the rentable square footage of the applicable portion of the Leased Premises (as described below) by the total rentable square footage of the Office Condominium portion of the Building, which percentage Landlord and Tenant agree to be: (1) 19.48% (i.e. 32,917sf ÷ 168,957sf) from and after the Commencement Date until March 31, 2019; (2) 25.98% (i.e. 43,889sf ÷ 168,957sf) from and after April 1, 2019 until May 31, 2019; (3) 32.47% (i.e. 54,861sf ÷ 168,957sf) from and after June 1, 2019 until July 31, 2019; and (4) 38.96% (i.e. 65,834sf ÷ 168,957sf) from and after December 1, 2019 until the expiration or earlier termination of the Term. Notwithstanding the foregoing, if at any time prior to the dates set forth in items (2)-(4) of this subsection (i), Tenant occupies all or any portion of the Fourth Floor Premises, Tenant shall

provide Landlord advance written notice thereof and the rentable square footage of that portion of the Fourth Floor Premises being occupied by Tenant shall be included in the Leased Premises for purposes of calculating Tenant's Pro Rata Share of Operating Costs.

(ii) Base Rent and Additional Rent shall be referred to collectively hereinafter as "Rent";

(iii) "Operating Costs" all of which shall be based upon actual costs and expenses and calculated on an accrual basis in accordance with Generally Accepted Accounting Principles, shall include, but not be limited to, all of the following: (1) the Office Condominium's allocated share of the Common Elements, as defined in the Condominium Declaration, expenses, including, but not limited to, those expenses related to the following: (i) all expenses relating to all insurance maintained by the Association (defined below) relating to the Common Elements including without limitation, all-risk/hazard insurance and comprehensive public liability insurance in the manner described in §7(a), below, including umbrella coverage in amounts and with insurance companies acceptable to Landlord; (ii) landscaping, lawn care, and snow removal for the Real Property; (iii) maintenance, repair, and improvements to the General Common Elements, as defined in the Condominium Declaration; (iv) improvements, including capital improvements, or repairs undertaken to maintain the value and condition of the General Common Elements as a first class facility or to comply with all applicable laws, ordinances, or governmental orders (subject to the limitations set forth in Section 4(e)); and (v) all bills and charges for gas, electricity, water, sewage, trash disposal, telephone, and all other utility services consumed or used in connection with the General Common Elements; (2) all ad valorum real estate taxes and assessments relating to the Office Condominium applicable to the Term, or any taxes or other payments which may be levied upon or assessed in lieu thereof or any license fee, commercial activity tax, improvement bond or assessment or other similar charge or assessment, less any refunds, rebates and discounts actually received by Landlord in connection with such taxes (including any interest received on such refunds or rebates, including with respect to payment of taxes that are subsequently refunded as a result of the Real Property being in a Benefited Area) (hereinafter, all of the foregoing shall be referred to as, "Taxes and Assessments"), but excluding any penalties or interest payable by reason of failure of Landlord to pay such Taxes and Assessments on time, in full or at all, unless such failure results from Tenant's failure to timely pay Additional Rent to Landlord and further excluding any estate tax, inheritance tax, succession tax, capital levy tax, corporate franchise tax, gross receipts tax, income tax, conveyance fee or transfer tax; any assessment, bond, tax, or other finance vehicle that is (i) imposed as a result of Landlord's initial construction of the Building, or (ii) used to fund construction of the Building or any additions or improvements to the Building; (3) all bills and charges for gas, electricity, water, sewage, trash disposal, telephone, and all other utility services consumed or used in connection with the Office Common Elements, as defined in the Condominium Declaration; (4) janitorial service for the Office Common Elements; (5) reasonable costs of operating personnel including salaries and related benefits, auditor fees, attorney fees and third party property management fees (not to exceed the cap set forth in Section 4(b)); (6) maintenance, repair, and improvements, including capital improvements, to the Office Common Elements; (7) all taxes, fees, or assessments not described within subparagraph (iii)(2) herein (such as personal property taxes for equipment used to service the Building, fees charged by any owners' association and similar assessments), excluding income taxes and gross receipts taxes assessed against and payable by Landlord, unless assessed in lieu of Taxes and Assessments; (8) improvements, including capital improvements, or repairs undertaken to maintain the value and condition of the Office Common Elements as a first class facility or to comply with all applicable laws, ordinances, or

governmental orders (subject to the limitations set forth in Section 4(e), below); (9) all condominium assessments and charges, general or special (other than penalties or late fees), with respect to the Office Condominium unit, or part thereof, of which the Leased Premises are a part.

In the event Landlord deems it necessary to revise the defined terms set forth in this §4(a) in order to comply with the terms of the Condominium Declaration, Landlord and Tenant shall enter into an amendment to this lease; provided, however, that the revised terms shall not materially increase Tenant's obligations or decrease Tenant's rights under this lease.

(b) Exclusions from Operating Costs. Notwithstanding the foregoing, the total expenses computed for determining the Operating Costs relating to the Leased Premises shall not include: (i) any expenses charged or chargeable or directly related to another tenant in the Building because of such tenant's disproportionate consumption of any utilities or services (as determined by Landlord) or such tenant's breach of its lease agreement with Landlord; (ii) principal, escrow deposits, interest, points and fees on any indebtedness or amortization on or for any mortgage encumbering the Real Property, or any part thereof, and all and other sums paid on or in respect to any indebtedness (whether or not secured by a mortgage); (iii) costs of improvements to, or alterations of, space leased to or available for lease to any tenant in the Building; (iv) costs and expenses incurred in connection with leasing space in or procuring tenants for the Building, including, without limitation, leasing commissions, advertising and promotional expenses, legal and other professional fees, relocation and build-out allowances and expenses; (v) costs of the construction and installation of signs in or on the Building identifying any tenant of the Building (other than with respect to building directories in the lobby); (vi) costs of correcting defects in the initial construction of the base, shell or core Building, provided that this shall not exclude the cost of normal repair and maintenance expected with respect to the construction materials and equipment installed in the Building; (vii) management fees in excess of 3% of the gross rentals payable in the Building for each calendar year; (viii) wages, salaries, compensation and benefits of any employees above the level of property manager; (ix) amounts paid to an affiliate to render services (other than management fees which are subject to the provisions of clause (vii) above), which are in excess of the fair market rate for such services; (x) costs incurred by Landlord in removing or remediating the effects of Hazardous Materials (as hereinafter defined) existing on the Real Property as of the date hereof, or placed on the Real Property by Landlord or any of Landlords employees, agents or contractors; (xi) costs for which Landlord is reimbursed, provided that any costs incurred to obtain such reimbursement may be included in Operating Costs; (xii) charitable and political contributions; (xiii) fines, interest, charges, penalties, damages and other costs incurred by Landlord by reason of any default or late payment by it under any lease or other contract or instrument (regardless of whether or not the payment itself is allowed to be included in Operating Costs), including, without limitation, any legal. and other professional fees paid or incurred in connection therewith; (xiv) costs of repairs and maintenance required as a result of any gross negligence or willful misconduct by Landlord or any of its agents, employees or contractors; (xv) costs of sculpture, paintings, or works of art; and (xvi) that portion of the salaries for on or off site personnel to the extent any of them work for other projects owned by Landlord or the managing agent, which salaries shall be reasonably allocated among all buildings with which the individual is involved.

(c) Gross Up on Operating Costs. During any calendar year, or portion thereof in which less than 95% of the total leasable square footage of the Office Condominium is leased, Landlord may gross-up all Operating Costs which vary with the level of occupancy (e.g. cleaning and janitorial services, electricity, gas, and water) for the Office Condominium for that calendar year or portion thereof to reflect what such Operating Costs would have been had the Office Condominium been 95% leased. The intent of the foregoing is that Tenant shall be responsible for its Pro Rata Share of all such Operating Costs relating to the Leased Premises based upon the ratio of the Operating Costs relating to the Leased Premises as to the

entire Office Condominium. To affect the foregoing, in the event Landlord makes such an adjustment to Operating Costs, Landlord shall incorporate a reasonable allocation of what such variable Operating Costs would have been relating to the maintenance of any vacant leasable square footage in the Office Condominium so that Tenant is not bearing any expenses relating to the maintenance of that vacant space.

(d) Cap on Controllable Operating Costs. Notwithstanding anything to the contrary herein, Landlord hereby agrees that Tenant's Pro Rata Share of Operating Costs associated with items included within Operating Costs that are "controllable expenses" shall be limited to an increase of four percent per annum over the actual costs incurred in the 2019 calendar year on a cumulative basis. The parties agree that for purposes of this §4, the term "controllable expenses" shall mean all Operating Costs except utility charges or costs, including, but not limited to those described in §4(a)(iii), above, and any utility taxes which may be imposed on any of the same, insurance costs, taxes, including, but not limited to, real estate taxes, local and/or state surcharges or special charges, private assessments, the costs of snow removal, the costs of any weather-related clean up or damage, which is not an insurable event, or any capital expenditures.

(e) Capital Improvements; Useful Life. Notwithstanding anything in this lease to the contrary, (a) the cost of replacements or improvements of a capital nature or the costs of which are to be capitalized pursuant to Generally Accepted Accounting Principles (each, a "Capital Improvement") shall be amortized on a straight line basis over the useful life of the Capital Improvement and Tenant shall be responsible for Tenant's Pro Rata Share of such costs only to the extent amortized during the Term of this lease (including any Renewal Terms) and only the amortized portion attributable to a particular year shall be included in Operating Costs, and (b) Operating Costs shall not include the cost of Capital Improvements: (i) necessitated by the acts or omissions of Landlord or other tenants in the Building; (ii) relating to an expansion of the Building or material enhancements to the Real Property (excluding typical maintenance of the parking lot); (iii) incurred as a result of defects in the original construction of the shell and core of the Building; or (iii) that are required to comply with any laws, ordinances, or orders in effect as of the Commencement Date.

§5. OPERATING COSTS BUDGET

Additional Rent shall be paid by Tenant to Landlord in accordance with this section. Prior to the Commencement Date, Landlord shall provide to Tenant an estimate of the total projected Operating Costs and Tenant's Pro Rata Share thereof for the balance of the calendar year in which the Commencement Date occurs (estimated as of the date hereof to be $5.70 per rentable square foot). For each calendar year thereafter, Landlord shall deliver to Tenant not later than 30 days prior to the first day of each such calendar year, or as soon thereafter as is reasonably practicable, an estimate of the total projected Operating Costs and Tenant's Pro Rata Share thereof for that calendar year. Tenant shall pay in advance on or before the first day of each calendar month during the Term at the time and in the manner of payment for the Base Rent described above, Tenant's Pro Rata Share of such projected Operating Costs in equal monthly installments.

Following the end of each calendar year but no later than 150 days after such calendar year (after which time, Landlord shall be deemed to have waived its right to recover additional actual Operating Costs due), Landlord shall prepare an accounting of the actual Operating Costs incurred for that year and shall deliver that accounting to Tenant.

For purposes of reconciling the projected Operating Costs actually paid by Tenant versus the actual Operating Costs incurred by Landlord for each year which relate to the Leased Premises, if Tenant's Pro Rata Share of such actual costs exceeds the amount paid by Tenant for Additional Rent pursuant to this

section (the "Deficiency"), Tenant shall pay to Landlord the Deficiency within 30 days after notice from Landlord to Tenant detailing an accounting of the Deficiency and requesting payment of the Deficiency. In the event the amounts actually paid by Tenant for Additional Rent exceeds Tenant's Pro Rata Share of such actual Operating Costs incurred by Landlord for that year which relate to the Leased Premises (the "Excess"), Landlord shall pay to Tenant the Excess within 30 days after completing such accounting. In no event shall either party be required to pay any interest on any over-payment or under-payment made under this section. Landlord's and Tenant's obligations under this section shall survive the expiration or termination of this lease.

Tenant shall have the right to audit Landlord's books and records relating to Landlord's calculation of such Operating Costs for the prior year for a period of 150 days following Landlord's determination of the Operating Costs for such year. In the event that such audit reveals that any Additional Rent and/or Operating Costs have been overbilled or overstated to Tenant by more than 6%, and Landlord confirms and agrees to the overcharge, acting in good faith and under commercially reasonable business and auditing practices, in addition to providing Tenant with a refund of such amounts, Landlord shall reimburse Tenant for its actual out-of-pocket expenses in connection with such audit, up to a maximum of $5,000 per occurrence.

§6. SECURITY DEPOSIT

Upon the execution of this lease by Tenant, Tenant shall deposit with Landlord a sum equal to $250,000.00 to serve as the security deposit (the "Security Deposit") relating to this lease. The Security Deposit is in addition to, and not in lieu of, any advance payment of Base Rent which may be required by this lease. Landlord shall not be required to deposit the Security Deposit into a separate account and shall have no obligation to pay any interest on the Security Deposit.

The Security Deposit shall be held by Landlord as security for the faithful and timely performance by Tenant of all of its obligations under this lease. Upon the occurrence of an event of default, Landlord may, in its sole and exclusive discretion, offset against the Security Deposit in whole or in part to reduce Landlord's damages relating to such failure. Neither the posting of the Security Deposit nor any such offset, however, shall be deemed to make the Security Deposit a measure of liquidated damages or Landlord's sole and exclusive remedy, and it is agreed that Landlord's right to use the Security Deposit is in addition to, and not in lieu of, Landlord's other remedies under this lease or at law or in equity. Tenant shall deposit additional sums with Landlord in an amount sufficient to restore the Security Deposit to its original principal amount in the event Landlord offsets against the Security Deposit. Landlord shall, within 30 days after the expiration or earlier termination of the Term and after Tenant has vacated the Leased Premises, return to Tenant, the Security Deposit (or that portion of the Security Deposit not used or applied by Landlord together with an itemized statement of deductions to the Security Deposit).

§7. INSURANCE

(a) Landlord Requirements. At all times during the Term, Landlord shall maintain or cause the Association (as defined below) to maintain, as appropriate, in an amount deemed acceptable to Landlord from time to time all of the following insurance coverages: (i) "all-risk" or hazard insurance coverage (sometimes referred to as "special causes of loss" coverage) insuring all of the component parts of the Building to the full replacement value of the Building including the Tenant Improvements and all other improvements to the Real Property with such endorsements (e.g. rent loss) and additional coverages deemed appropriate by Landlord; (ii) commercial general liability insurance having a combined single limit of not less than $5,000,000 per occurrence with such endorsements and additional coverages deemed

appropriate by Landlord; and (iii) during the construction of the Building and related improvements to the Real Property, builder's risk insurance. Each such insurance policy shall be issued by a reputable insurance company of recognized financial responsibility licensed to sell such insurance in the State of Ohio.

(b) Tenant Requirements. At all times during the Term and during the Early Access Period, Tenant shall obtain and maintain personal property insurance, business interruption insurance, workers compensation insurance as required by law, and commercial general liability insurance written on an occurrence basis (including bodily injury, broad form property damage and blanket contractual liability), insuring Tenant's liability for loss of or damage to, property and injury to or death of third parties with a combined single limit of not less than $2,000,000 per occurrence. Such policy shall provide that it is the primary policy in the event of a loss. Further, at all times during the Term, when liquor, beer or wine are served or offered for sale within the Leased Premises, Tenant shall maintain liquor liability insurance against claims for bodily injury, death, or property damage resulting from or arising out of the sale or distribution of liquor, beer, or wine from the Leased Premises of not less than Two Million Dollars ($2,000,000) in respect of such personal injury, death, or property damage. Such policy shall provide that it is the primary policy in the event of a loss.

All such insurance required to be maintained by Tenant under this §7(b), must (i) be issued by reputable insurance companies of recognized financial responsibility licensed to sell such insurance in the State of Ohio; (ii) be in amounts not less than set forth above; (iii) provide that it may not be canceled except upon at least 30 days prior written notice to Landlord; and (iv) name Landlord (and, if requested by Landlord, any mortgagee of the Real Property, and/or the association under the Condominium Declaration ["Association"]) as an additional insured or loss payee, as appropriate. Evidence of such insurance must be delivered to Landlord before Tenant is permitted to enter the Leased Premises and must be provided not less frequently than annually thereafter.

If Tenant does or permits anything to be done in the Leased Premises, Building, or Real Property, or brings or keeps anything therein which may in any way increase the rate of fire or other insurance on the Building or on the Real Property kept therein (as evidenced by reasonable documentation), or conflict with any insurance policy upon the Building or any part thereof, or with any statutes, rules or regulations enacted or established by the appropriate governmental authorities, then Tenant shall pay to Landlord as Additional Rent all amounts necessary to reimburse Landlord for such increase or otherwise remedy such situation.

(c) Waiver of Subrogation. Notwithstanding anything in this lease to the contrary, but subject to the last sentence in this §7(c), Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action against the other, its agents, officers, managers, directors, partners, members, shareholders or employees, or as to Tenant, the Association, for any loss or damage that may occur to the Leased Premises or any property therein, by reason of fire or any other cause which is covered under the types of property insurance policies required by this §7, regardless of cause or origin, including negligence, and each covenants that no insurer shall hold any right of subrogation against such other party. The foregoing waiver shall not be effective and shall have no force or effect as to any party who fails to maintain the insurance required to be maintained by it under this §7 or to the extent that any such right of recovery, claim, action or cause for action is not required to be insured by either party under this section.

In addition to the foregoing, all such waivers of any claim, action, or cause of action shall also be effective to any person claiming by, through, or under either Landlord or Tenant.

§8. QUIET ENJOYMENT

Provided that Tenant observes and performs the covenants and agreements imposed upon Tenant under this lease, Tenant shall, at all times during the Term, peacefully and quietly have and enjoy possession of the Leased Premises without encumbrance or hindrance from Landlord or those claiming through or under Landlord.

Notwithstanding the foregoing, Tenant acknowledges that the Building is located next to the Columbus Commons Park and concert pavilion and there is a resulting potential for noise therefrom. Further, Tenant hereby waives any right to object to, complain about or have any cause of action for noise from the Columbus Commons Park and concert pavilion between the hours of 8:00 a.m. and 11:00 p.m.

§9. USE OF LEASED PREMISES; COMPLIANCE WITH LAWS

Tenant shall use the Leased Premises for general office use only subject to the Prohibited Uses set forth on Exhibit E hereto ("Approved Use"), and shall not permit the Leased Premises to be used for any other purpose without the prior written consent of Landlord to that specific use. Tenant shall occupy and use the Leased Premises only in a careful, safe, and proper manner and shall not commit or permit any waste of or on the Leased Premises. Tenant shall comply with the Rules and Regulations attached hereto as Exhibit D and with all reasonable modifications adopted by Landlord from time to time.

Tenant shall promptly comply or cause compliance with all laws, regulations, orders, and requirements of all federal, state, and local governments, courts, or other lawful authorities, which now or at any time hereafter may apply to or affect the Leased Premises or any business conducted on the Leased Premises, whether present or future, foreseen or unforeseen, ordinary or extraordinary, and whether or not presently contemplated by Landlord or Tenant. Tenant shall obtain, maintain, and comply with all permits, licenses, and other authorizations required for any use then being made of the Leased Premises.

No abatement or interruption in Rent or other charges required to be paid by Tenant pursuant to this lease shall be claimed by or allowed to Tenant for any inconvenience or interruption or loss of business caused directly or indirectly by any present or future laws, ordinances, regulations, requirements, or orders of any lawful authority whatsoever, or any other cause or causes; and no diminution in the amount of space used by Tenant caused by legally required changes in the Leased Premises shall entitle Tenant to any abatement or reduction in Rent or any other charges required to be paid by Tenant under this lease. Notwithstanding the foregoing, in the event a utility or other service is interrupted due to Landlord's negligence or intentional misconduct, thereby causing all or a material part of Leased Premises to be rendered untenantable (meaning that Tenant is unable to use such space in the normal course of its business) by Tenant for the Approved Use for more than three consecutive days, after notice from Tenant to Landlord that such utility or other service has been interrupted, Base Rent shall abate on a per diem basis pro rata to the area within the Leased Premises affected by such interruption for each day, after such three consecutive day period during which the Leased Premises remains untenantable and the abatement shall end when the utility or other service is restored. During any such interruption, Landlord shall use commercially reasonable efforts to restore the services and the use of the Leased Premises.

§10. CONSTRUCTION OF BUILDING AND TENANT IMPROVEMENTS; SURRENDER OF LEASED PREMISES

(a) Construction of the Building and the Tenant Improvements. If construction of the Building has yet to be completed, Landlord shall cause The Daimler Group, Inc. (an affiliate of Landlord and hereinafter referred to as "Daimler") at Landlord's cost and expense to (a) construct and improve the

Building shell and core in accordance with then applicable zoning and building laws and in substantial accordance with the plans and specifications referenced in Exhibit F, as the same may be updated from time to time (b) complete all corridors, common areas, restrooms, and other interior common areas in the Office Condominium available for the use of all tenants and their invitees in substantial accordance with the plans and specifications referenced in Exhibit F, as the same may be updated from time to time, and (c) complete all improvements to the Leased Premises (the "Tenant Improvements") in accordance with the Final Plans (defined below). Unless otherwise specified in the Plans, the Tenant Improvements shall conform to Building-standard specifications with respect to, among other things, materials, colors and finishes, and Landlord and Tenant shall work together to cause the cost of the Tenant Improvements to be not more than $40.00 per leasable square foot in the Leased Premises.

Landlord shall cause its licensed architect and engineer to prepare detailed architectural, mechanical and engineering plans, including all dimensions and specifications for all work to be performed by Landlord in the Leased Premises ("Plans"). Landlord shall cause its architect to consult with Tenant and to send interim plans for Tenant's review to expedite the final Plans. Tenant shall inform Landlord of any required changes as soon as possible, but in no event later than ten (10) business days following Tenant's receipt of the Plans. If Tenant does not respond to the submission of the Plans within such ten (10) business day period, Tenant shall be deemed to have approved the Plans for the Tenant Improvements. If Tenant timely informs Landlord of any required changes, Landlord shall, within ten (10) business days after such notice, revise such Plans in accordance with Tenant's objections and submit the revised Plans to Tenant for its review and approval. Tenant shall notify Landlord in writing whether it approves of the resubmitted Plans within five (5) business days after its receipt thereof This process shall be repeated until the Plans have been finally approved by Landlord and Tenant. The term "Final Plans" shall mean the final approved Plans approved by Landlord and Tenant, as amended from time to time by any approved changes thereto. During the preparation of the Plans, Landlord and Tenant shall at all times work together in good faith to cause the Plans to be promptly prepared, reviewed and approved as each recognizes that approval of the Plans is of the essence as it relates to completion of construction of the Tenant Improvements in the Leased Premises. Promptly after the Final Plans have been established, Landlord shall file for all required building permits which are required for the construction of the Tenant Improvements in accordance with the Final Plans. Any material change or material modification of such Final Plans shall not be valid or binding unless consented to by Landlord and Tenant in writing.

(b) Change Orders. Tenant shall have the right to request in writing that Landlord make changes from time to time in the Final Plans (each, a "Change Order", and collectively, "Change Orders"), and Landlord shall not unreasonably refuse to do so. Provided such Change Order is reasonably acceptable to Landlord, Landlord shall prepare and submit promptly to Tenant a memorandum setting forth Landlord's estimate of the impact on cost and the delay in the construction schedule resulting from said Change Order, including the reason for such delay, if any, (a "Change Order Cost and Schedule Estimate") as soon as reasonably practicable after Tenant's request, and Tenant may, by providing written notice, accept or reject the Change Order Cost and Schedule Estimate within five (5) business days after Tenant's receipt of the Change Order Cost and Schedule Estimate. If Tenant rejects the Change Order Cost and Schedule Estimate or if Tenant does not accept the Change Order Cost and Schedule Estimate within such 5-business day period, the Change Order shall be deemed rescinded. Upon Tenant's acceptance of a Change Order Cost and Schedule Estimate that results in an increase in the cost of the Tenant Improvements, such increase shall be payable by Tenant to Landlord as mutually agreed by the parties. Upon Tenant's acceptance of a Change Order Cost and Schedule Estimate that results in an extension in the schedule of the Tenant Improvements, such increase in time shall automatically extend the Target Delivery Date by the same number of days accepted in the Change Order Cost and Schedule Estimate.

(c) Tenant Delay. A "Tenant Delay" shall mean any delay in the performance of the construction of the Tenant Improvements as a result of (i) Tenant's failure to timely approve the Plans, (ii) any request by Tenant that Landlord perform any work in addition to the Tenant Improvements which might reasonably cause a delay in Landlord's construction schedule, (iii) any Change Order that will impact Landlord's construction schedule, (iv) the selection of any long lead items by Tenant which will cause a delay in completion of the Tenant Improvements, (v) the performance or failure of performance of any work by any person, firm or corporation employed or retained by Tenant, (vi) the failure of Tenant to perform any obligations required to be performed by Tenant to obtain a certificate of occupancy (e.g. the installation of Tenant's furniture systems, wiring or cabling, etc.), or (vi) any other action by Tenant which materially impairs or delays performance of any work by Landlord. Tenant shall not cause or affect a Tenant Delay or do anything else, or fail to do anything else, that may cause a delay in the completion of the construction of the Tenant Improvements or that will increase the costs of such construction, except as allowed under §10(b) above. In the event Tenant fails to cooperate or comply with this section and such failure results in a delay of completion of the construction of the Tenant Improvements by Landlord (in Landlord's reasonable judgment), Tenant shall be responsible to Landlord for all Rent that would have been due from Tenant under this lease but for such Tenant Delay. Landlord and Tenant acknowledge and agree that Landlord's damages as a result of a Tenant Delay is difficult to ascertain, that such per diem amounts are a reasonable pre-estimate of Landlord's probable loss as a result thereof and that such damages constitute reasonable liquidated damages for Landlord's loss and not a penalty.

(d) Substantial Completion. The Tenant Improvements shall be deemed to be "Substantially Completed" on the date that (i) the Tenant Improvements are essentially and satisfactorily completed in accordance with the Final Plans to the extent that the Leased Premises may be occupied by Tenant for its Approved Use, subject only to completion of minor finishing, adjustment of equipment, and other minor construction aspects ("punch list items") which do not, in the aggregate, cause interference (other than minor inconvenience) with the use and occupancy of the Leased Premises for the Approved Use, and (ii) a certificate of occupancy, whether conditional or final, has been issued by the proper governmental authority. Landlord shall give Tenant at least 30 days prior notice (written or oral) of Landlord's reasonable estimate of the date of Substantial Completion of the Tenant Improvements. Tenant shall schedule with Landlord a mutually acceptable date, which will not be later than 3 business days after the date of Substantial Completion (but in no event earlier than the Landlord's estimated date of Substantial Completion), for a walk-through inspection of the Leased Premises. In such walk-through, Landlord and Tenant will mutually and reasonably agree upon a punch list, and subject to Tenant Delay, Landlord will use reasonable efforts to cause such punch list work to be completed within 30 days after such walk-through.

Landlord hereby warrants to Tenant, which warranty shall survive for one year following the date of Substantial Completion of the Tenant Improvements, that (a) the materials and equipment furnished by Landlord and Landlord's contractors in the completion of the Tenant Improvements will be of good quality and new, and (b) such materials and equipment and the work of such contractors shall be free from defects not inherent in the quality required or permitted hereunder. This warranty shall exclude damages or defects caused by Tenant, its agents, employees or contractors, improper or insufficient maintenance, improper operation or normal wear and tear under normal usage.

Landlord shall use diligent and good faith efforts to cause the Tenant Improvements for the Fifth Floor Premises to be Substantially Completed by November 1, 2018. Subject only to Force Majeure (as defined in §11 hereof) and Tenant Delay, and provided that Landlord, using good faith efforts, obtains all required construction permits for the Tenant Improvements (the "Construction Permits") by not later than June 30, 2018, then in the event that Landlord fails to cause the Tenant Improvements for the Fifth Floor Premises

to be Substantially Completed on or before December 1, 2018, (the "Fifth Floor Substantial Completion Date"), Tenant shall be entitled to a day-for-day credit of Base Rent due as of the Commencement Date, for each day after the Fifth Floor Substantial Completion Date that the Tenant Improvements for the Fifth Floor Premises are not Substantially Completed; provided, however, that, for every day of delay which results from a Tenant Delay or a Force Majeure, the Fifth Floor Substantial Completion Date shall be moved back on a day-for-day basis. Such day-for-day credit of Base Rent shall commence upon the Commencement Date and shall continue until applied in full; provided that at no time may Tenant offset more than 50% of the Base Rent amount due each month until such abatement has been completed.

Landlord shall use diligent and good faith efforts to cause the Tenant Improvements for the Fourth Floor Premises to be Substantially Completed by February 1, 2019. Subject only to Force Majeure (as defined in §11 hereof) and Tenant Delay, and provided that Landlord, using good faith efforts, obtains all required construction permits for the Tenant Improvements (the "Construction Permits") by not later than June 30, 2018, then in the event that Landlord fails to cause the Tenant Improvements for the Fourth Floor Premises to be Substantially Completed on or before March 1, 2019, (the "Fourth Floor Substantial Completion Date"), Tenant shall be entitled to a day-for-day credit of Base Rent due as of the Commencement Date, for each day after the Fourth Floor Substantial Completion Date that the Tenant Improvements for the Fourth Floor Premises are not Substantially Completed; provided, however, that, for every day of delay which results from a Tenant Delay or a Force Majeure, the Fourth Floor Substantial Completion Date shall be moved back on a day-for-day basis. Such day-for-day credit of Base Rent shall commence upon the June 1, 2019, and shall continue until applied in full; provided that at no time may Tenant offset more than 50% of the Base Rent amount due each month until such abatement has been completed.

Subject only to Force Majeure and Tenant Delay, and provided that Landlord, using good faith efforts, obtains all required Construction Permits by not later than June 30, 2018, if the Tenant Improvements for the Leased Premises are not Substantially Completed on or before April 1, 2019 ("Outside Completion Date"), then Tenant shall have the one-time right by not later than 10 days after the Outside Completion Date to terminate this lease by delivering written notice to Landlord, which notice shall be hand delivered to 1533 Lake Shore Drive, Columbus, Ohio 43204, Attention: Robert C. White, Jr., and upon hand delivery of such termination notice to said address, this lease shall be deemed null and void and the parties shall have no further rights or obligations hereunder, except those that specifically survive the expiration or earlier termination of this lease.

Landlord and Tenant acknowledge and agree that Tenant's damages as a result of Landlord's failure to cause the Tenant Improvements for the Fifth Floor Premises to be Substantially Completed by not later than the Fifth Floor Substantial Completion Date or the Fourth Floor Premises to be Substantially Completed by not later than the Fourth Floor Substantial Completion Date are difficult to ascertain, that such amounts set forth above are a reasonable pre-estimate of Tenant's probable loss as a result thereof and that such damages constitute reasonable liquidated damages for Tenant's loss and not a penalty.

(e) Surrender. Tenant acknowledges and agrees that all of the Tenant Improvements are the property of Landlord. Accordingly, upon the expiration or earlier termination of this lease, Tenant shall, as its sole cost and expense, immediately (a) surrender the Leased Premises to Landlord in broom-clean condition and in good order, condition and repair, (b) remove from the Leased Premises (i) all of Tenant's personal property, and (ii) any Alterations required to be removed pursuant to §14, below, and (c) repair any damage caused by any such removal and restore the Leased Premises to the condition existing upon the Substantial Completion of the Tenant Improvements, reasonable wear and tear and damage from casualty and condemnation excepted. All of Tenant's personal property that is not removed within 10 days

following Landlord's written demand therefore shall be conclusively deemed to have been abandoned and Landlord shall be entitled to dispose of such property at Tenant's cost without incurring any liability to Tenant. This provision shall survive the expiration or any earlier termination of this lease.

§11. FORCE MAJEURE

Except as specifically set forth herein, and except for the payment of any money, in the event Landlord or Tenant shall be delayed or hindered or prevented in the performance of any obligations required under this lease by reason of strike, lockout, inability to procure labor or materials, failure of power, fire, or acts of God, terrorism, restrictive governmental laws or regulations, riots, insurrection, war or any other reason not within the reasonable control of such party and not due to such party's acts, omissions or defaults under this lease ("Force Majeure"), the performance of such obligations shall be excused for a period of such delay and the period for the performance of any such act shall be extended for a period equivalent to the period of any such delay.

§12. PATRIOT ACT

Landlord and Tenant shall each take any actions that may be required of them in their capacity as a Landlord or a Tenant to comply with the terms of the USA Patriot Act of 2001, as amended, any regulations promulgated under the foregoing law, Executive Order No. 13224 on Terrorist Financing, any sanctions program administrated by the U.S. Department of Treasury's Office of Foreign Asset Control or Financial Crimes Enforcement Network, or any other laws, regulations, executive orders or government programs designed to combat terrorism or money laundering, or the effect of any of the foregoing laws, regulations, orders or programs, if applicable, on the lease. Landlord and Tenant each represents and warrants to the other that it is not an entity named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Department of Treasury as last updated prior to the Effective Date.

§13. MAINTENANCE AND REPAIRS

Tenant shall maintain the interior of the Leased Premises and the Tenant Improvements and all fixtures, signs, equipment, and personal property therein in good order and condition of repair, safety, cleanliness, and appearance, ordinary wear and tear excepted, and shall promptly make all repairs and replacements necessary or appropriate to so maintain the Leased Premises and the Tenant Improvements and such fixtures, signs, equipment, and personal property including without limitation repairs or replacements of interior doors, interior plate glass, interior windows, fixtures, equipment, furniture, and appliances. At the expiration or other termination of this lease, Tenant shall surrender and deliver up the Leased Premises and the Tenant Improvements in the manner contemplated in §10, above.

Subject to Tenant's obligation to pay Additional Rent to Landlord under §4, above, Landlord shall, subject to the terms and conditions of this lease, maintain and repair or cause to be maintained and repaired the Building (excluding the Leased Premises and all other spaces leased to other tenants), including all roofs (including all membranes, flashing, structures, gutters and downspouts), foundations, floor slabs, floor decks, exterior walls, exterior doors, exterior windows, all structural components, and all shell and core systems such as mechanical, electrical, heating, ventilation or air-conditioning systems, and plumbing up to the point of connection for any Building tenant, any corridors, reception areas for the Office Condominium, Office Condominium Common Area restrooms, and other Office Condominium Common Areas.

§14. ALTERATIONS

No alteration, addition, improvement, or other change in or to the Leased Premises (hereinafter an "Alteration") shall be made by Tenant except under the following circumstances: (a) no Alteration shall be made without the prior written consent of Landlord to the specific Alteration, except usual nonstructural interior alterations that are wholly within the Leased Premises and that do not adversely affect any Building systems; (b) no Alteration shall be commenced until Tenant has first obtained and paid for all required permits and authorizations of all governmental authorities having jurisdiction; (c) any Alteration shall be made promptly and in a good and workmanlike manner and in compliance with all laws, ordinances, regulations, and requirements of all governmental authorities; (d) the cost of any such Alteration shall be paid in cash or its equivalent, so that the Leased Premises shall at all times be free of liens and claims for work, labor, or materials supplied or claimed to have been supplied to the Leased Premises and, if Landlord at any time so requests, no Alteration shall commence or proceed unless Tenant gives evidence reasonably satisfactory to Landlord that such Alteration will be fully paid for upon completion; and (e) any Alteration shall immediately become and remain the property of Landlord. Landlord shall have the right at its option to require Tenant to remove any Alteration and to restore the Leased Premises to the same condition as before the Alteration was made, so long as Landlord has expressly stated such removal requirement at the time of Landlord's consent to the construction of such Alteration. Notwithstanding the foregoing, Landlord hereby states that all Tenant Improvements are permitted to remain in the Leased Premises, without any removal obligation of Tenant, upon termination of this lease.

§15. DAMAGE OR DESTRUCTION TO LEASED PREMISES

If at any time during the Term, the Leased Premises are damaged or destroyed by fire or other casualty ("Casualty"), Landlord shall have the option to either repair or restore the Leased Premises (subject to the following paragraph) to substantially the same condition that existed immediately prior to such Casualty or, terminate this lease as of the date of such Casualty. In the event Landlord chooses to terminate this lease, the Rent payable by Tenant shall be apportioned as of the date of such Casualty. Landlord shall give written notice to Tenant of its election either to repair or restore the Leased Premises or to terminate this lease within 90 days after the date such Casualty occurs. Notwithstanding the foregoing, if, in Landlord's reasonable estimate, the Leased Premises can be repaired or restored, including full services as outlined in §17 below, within 180 days from the date of the Casualty and (a) Landlord's mortgagee or any other third party entitled to the insurance proceeds makes available sufficient proceeds for the restoration of the Leased Premises and/or the Building, and (b) the issuer of any Landlord's "all-risk" or hazard insurance makes said insurance available to Landlord sufficient proceeds for the restoration of the Leased Premises and/or the Building, then Landlord must repair and restore the Leased Premises and/or Building as detailed herein and return possession to Tenant. For purposes of the immediately preceding sentence, "sufficient proceeds" shall mean proceeds which, together with any deductible amount, would cover at least 100% of the cost of the applicable restoration of the Leased Premises and/or Building to substantially similar condition as the same existed the day before the Casualty, with such changes or alterations as Landlord may elect to make thereto which do not material affect Tenant's use or enjoyment of the Leased Premises.

In the event that Landlord does not so terminate this lease as permitted above, the Rent payable by Tenant shall be abated commencing as of the date of such damage or destruction and continuing during the period of any restoration or repair of the Leased Premises and/or Building in such proportion that the floor area of the Leased Premises of which Tenant is deprived as a result of such damage or destruction or the repair or restoration necessitated thereby bears to the total floor area of the Leased Premises.

Notwithstanding anything in this §15 to the contrary, in the event the Leased Premises are damaged to an immaterial or insubstantial degree and the balance of the Building has not been materially damaged, Landlord shall cause the Leased Premises to be repaired and restored as soon as reasonably possible after the date of such damage.

Unless this lease is terminated by Landlord or Tenant as provided in this §15, this lease shall remain in full force and effect and Landlord shall proceed with diligence to restore, repair, and replace the Leased Premises and/or Building to substantially the same condition as it was prior to such damage or destruction. Landlord shall be under no duty to restore any Alterations, improvements or additions made by Tenant or by Landlord at Tenant's request after the Commencement Date, unless covered by proceeds of insurance available to Landlord. In all cases, allowances for the completion of the repairs shall be given to Landlord for any reasonable delays caused by adjustment of insurance loss, strikes, labor difficulties, inability to obtain supplies or materials or any cause beyond Landlord's control.

If the Leased Premises shall be partially damaged or destroyed by Casualty so as to render at least 50% of the Leased Premises untenantable and if Landlord reasonably estimates that the Leased Premises cannot be repaired or restored, including full services as outlined in §17, below, within 210 days from the date of the Casualty, which determination Landlord shall make within 90 days after the date such damage or destruction occurs, then Tenant shall have the right to terminate this lease without penalty by written notice to Landlord within 10 business days of Landlord's written notice to Tenant of such determination. In addition, Tenant shall have the option of terminating the lease if the Leased Premises are damaged in the last two years of the Term.

§16. CONDEMNATION

If all or a material part of the Leased Premises is taken by any condemning authority under the power of eminent domain or by any purchase or other acquisition in lieu thereof, so that Tenant's business operations are materially affected, this lease shall terminate as of the date possession is required by the condemning authority. In addition, if any portion of the Building (other than the Leased Premises) is so taken, Landlord shall have the right at its option to terminate this lease at any time prior to or within 30 days after the date possession is required by the condemning authority. In the event of any such termination, the Rent payable by Tenant shall be apportioned as of the termination date. In any event, Landlord shall be entitled to receive the entire appropriation award or consideration paid by the condemning authority, other than any part of such award or consideration which relates to Tenant's occupancy of the Leased Premises, including damages for interruption of or damage to Tenant's business or for Tenant's moving expenses; provided said award does not in any way diminish Landlord's award.

For purposes of this section, any negotiated sale to a public or quasi-public authority under the threat of condemnation shall be deemed to constitute a taking by such public or quasi-public authority under the power of eminent domain.

§17. SERVICES

During the Term, Landlord shall maintain the Building and the Real Property in good order and condition except for damage occasioned by the actions or inactions of Tenant, its employees, agents or invitees, and Landlord shall also provide the following services (all of which shall be included as Operating Costs):

(a) air conditioning and heat for comfortable occupancy Monday through Friday from 7:00 A.M. to 6:00 P.M. and Saturday from 7:00 A.M. to 1:00 P.M., holidays consisting of

New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas excepted.

(b) electric power for lighting and office equipment for occupancy and normal use of the Leased Premises as a general office. Electric power furnished by Landlord is intended to be that consumed in a general office for lighting and office equipment, and Landlord reserves the right, if consumption of electricity exceeds that required for normal office use, to include an additional charge for such electricity as an item to be included in Additional Rent with such charge to be based upon the determination of an independent engineer selected by Landlord but paid for by Tenant.

(c) water for drinking, lavatory, and restroom purposes.

(d) lighting, public restroom supplies, window washing (with reasonable frequency), janitorial services to the Building (including the Leased Premises), and trash removal.

(e) lawn and landscaping, snow removal, maintenance of the structure, roof, mechanical and electrical equipment and architectural finish of the Building.

(f) Elevator service.

Tenant shall not use any of the above-described services in, upon or about the Leased Premises in a manner that would substantially increase the amount of such services furnished and supplied to all of the tenants in the Building, and Tenant shall not connect any apparatus or device with the conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services, without the prior written consent of Landlord; provided that should Tenant use such services under this provision to excess, Landlord reserves the right to charge Tenant directly for such excessive use. Such a charge shall be payable as Additional Rent.

Notwithstanding the foregoing, Landlord shall not be required to provide or maintain for the benefit of the Leased Premises or Tenant any specialized utility services. Tenant shall be solely responsible for obtaining any such specialized utility services but may do so only with the prior written consent of Landlord, and Tenant shall be responsible for all damages resulting from any interruption of normal utility services caused by Tenant's specialized services.

Landlord reserves the right to close the Building at 6:00 p.m. Monday through Friday, 1:00 p.m. on Saturday, and all day on Sunday and holidays, as Landlord deems necessary. Notwithstanding the foregoing, and subject to reasonable restrictions that may be imposed by Landlord to Tenant from time to time, Tenant shall have access to the Leased Premises seven days a week, 24 hours a day.

§18. SUBORDINATION OF LEASE

Subject to and conditioned upon Tenant obtaining the SNDA (as defined below), this lease and Tenant's rights under this lease are and shall at all times be subject and subordinate to the lien of all mortgages now encumbering or that may hereafter encumber the Building and/or the Real Property and to all advances made or to be made thereon and all renewals, modifications, consolidations, replacements or extensions thereof to the full extent of all sums secured thereby.

Within 30 days after the date of this lease, for the benefit of Tenant, Landlord shall deliver a fully executed Subordination, Non-Disturbance and Attornment Agreement (a "SNDA"), between Landlord,

Tenant and Landlord's current mortgagee in a form mutually agreed upon by the parties. The provisions of this §18 are expressly conditioned on, and shall not be effective unless the Landlord's mortgagee and Landlord delivers to Tenant the SNDA. Landlord shall be responsible for any charges, fees or costs assessed by any Landlord's mortgagee in providing the SNDA. Landlord also agrees to request and use commercially reasonable efforts to obtain a SNDA from each future mortgagee. Tenant covenants and agrees to execute and deliver to Landlord or to the lender a SNDA within 20 days after a written request therefor.

§19. ESTOPPEL CERTIFICATES

Landlord and Tenant shall from time to time during the Term within 20 days following the request of the other, execute and deliver to the other a statement certifying that this lease is in full force and effect, the date through which Base Rent, Additional Rent, and other charges under this lease have been paid, and any other factual matter reasonably requested by the other.

§20. INDEMNIFICATION

Subject to §7(c), Tenant shall indemnify and hold harmless Landlord from and against any and all claims, liabilities, losses, damages, injuries, costs, and expenses that hereafter may occur or arise from or out of: (a) any failure by Tenant to fully perform or observe any non-monetary obligation or condition to be performed or observed by Tenant hereunder, (b) any cause whatsoever relating to (i) the gross negligence or intentional misconduct of Tenant or its employees or contractors; and/or (ii) use of the Leased Premises during the Term, including without limitation any use, misuse, possession, occupancy, or unoccupancy of the Leased Premises during the Term; and (c) any costs or expenses incurred or paid by Landlord in connection with the foregoing, including reasonable attorneys' fees and other costs and expenses in prosecuting or defending any of the foregoing whether litigated or unlitigated.

Subject to §7(c), Landlord shall indemnify and hold harmless Tenant from and against any and all claims, liabilities, losses, damages, injuries, costs and expenses (including attorneys' fees and costs of suit) to the extent arising directly from: (a) any failure by Landlord to fully perform or observe any non-monetary obligation or condition to be performed or observed by Landlord hereunder; (b) any cause whatsoever caused by the gross negligence or intentional misconduct of Landlord or its employees or contractors; and (c) any costs or expenses incurred or paid by Tenant in connection with the foregoing, including reasonable attorneys' fees and other costs or expenses in prosecuting or defending any of the foregoing whether litigated or unlitigated. Notwithstanding the foregoing, except to the extent caused by the gross negligence or intentional misconduct attributable to Landlord or Landlord's breach or default under this lease, Landlord shall not be liable to Tenant for any losses, damages, injuries, costs, or expenses whatsoever relating to Tenant's personal property, furniture, or trade fixtures, including without limitation any interruption or cessation of the business of Tenant or any subtenant or loss incurred as a consequence of damage to or destruction to such personal property.

§21. LIMITATION OF LIABILITY

Notwithstanding any provision in this lease to the contrary or any general rule of law, in no event whatsoever shall any member, partner, director, officer, employee, agent, or other principal have any personal liability whatsoever with respect to this lease. Any liability of Landlord under this lease shall be enforced solely against Landlord's equity interest in the Real Property (or from the rents or proceeds from the sale, transfer or conveyance thereof (excluding, specifically a transfer to an unrelated third party holder of any first mortgage lien encumbering the Real Property), but only to the extent Tenant has a

claim against Landlord pending in a court of competent jurisdiction or Tenant has provided Landlord with written notice of Tenant's intent to file a claim against Landlord in a court of competent jurisdiction prior to the date of said sale, transfer or conveyance) and no other assets of Landlord shall be subject to this lease.

§22. PERSONAL PROPERTY

All personal property of Tenant used or located within the Leased Premises or in the Building shall be at the sole risk of Tenant. Landlord shall not be liable for any accident or damages to property of Tenant resulting from the use or operation of elevators or from the heating, cooling, electrical, mechanical, hydraulic, plumbing or other Building systems or components. Landlord shall not be liable for damages to property resulting from water, steam, or other causes.

Tenant shall pay, prior to delinquency, all taxes assessed against or levied upon its occupancy of the Leased Premises or upon the fixtures, furnishings, equipment and other personal property of Tenant used or located within the Leased Premises.

§23. LIABILITY RELATING TO TENANT'S OPERATIONS

Landlord assumes no liability or responsibility whatsoever with respect to the conduct and operation of the business to be conducted in the Leased Premises. Landlord shall not be liable for any accident or injury to any person(s) or property in or about the Leased Premises which are caused by the conduct and operation of that business or by virtue of equipment or property of Tenant in the Leased Premises.

§24. EVENTS OF DEFAULT/REMEDIES UPON DEFAULT

Each of the following shall be deemed an event of default under this lease:

(a) failure by Tenant to make any payment of Rent to Landlord on or before the date it is due as described in §3, above and such default shall not be cured within 5 days after written notice from Landlord that such payment is overdue;

(b) Tenant's failure to pay Rent in full on the date such payment is due, at any time during any 12 consecutive month period in which Tenant has already received two notices of its failure to pay Rent in full under paragraph (a) above;

(c) failure by Tenant to make any other payment or perform or observe any other obligation or condition to be performed or observed by Tenant under this lease and failure by Tenant to correct such default within 30 days after Landlord gives Tenant written notice to do so or, if because of the nature of such default it cannot be corrected within such 30-day period, failure by Tenant to commence correction within such 30-day period and thereafter to expeditiously and continuously prosecute the correction to completion;

(d) failure of Tenant to maintain, at all times during the initial Term of the lease, cash and Cash Equivalents (defined below), measured on a consolidated basis, of at least $5,000,000 (as modified from time to time, the "Liquidity Obligation"). "Cash Equivalents" are defined as highly liquid investments having a maturity of three months or less, including, but not limited to, certificates of deposit, commercial paper, money market funds, US government securities, that include US treasury notes, US treasury bonds and other US government issued investment instruments.

Notwithstanding the foregoing, provided that as of each anniversary of the Commencement Date, no Tenant event of default exists under the lease, and no event exists, which, with notice, the passage of time or both, would constitute an event of default under the lease, the Liquidity Obligation will decrease by an amount equal to $500,000, until such time as the maximum Liquidity Obligation shall be reduced to $0.00. Any reduction in the Liquidity Obligation shall remain in force and effect until the Liquidity Obligation is adjusted, if at all, on the immediately subsequent anniversary of the Commencement Date. Tenant's inability to receive a reduction in the Liquidity Obligation on any Commencement Date anniversary shall not prohibit Tenant from receiving subsequent reductions in the Liquidity Obligation, provided that Tenant for the twelve months immediately preceding any Commencement Date anniversary has not defaulted as described above.

For Landlord to verify compliance with the Liquidity Obligation, Tenant will provide Landlord (i) a consolidated quarterly balance sheet with a supplement (including cash and cash equivalents and amount of Qualified Investments at each quarter end) on level of liquidity maintained at the end of each of the first three quarters in each calendar year (March, June, September), and (ii) an audited year-end financial statement. Quarterly consolidated balance sheet will be provided within 45 days of each quarter end, March, June and September and the audited year-end financial statement will be provided within 90 days after end of each fiscal year end (December 31);

(e) assignment or sublease of any interest or rights of Tenant under this lease, except as permitted under §29; or

(f) the filing or execution or occurrence of any one or more of the following:

(i) petition in bankruptcy by or against (which is not dismissed within 60 days after its filing) Tenant;

(ii) petition or answer (which is not dismissed within 60 days after its filing) against Tenant seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or relief relating thereto, under any provision of the Bankruptcy Act or any statute of like tenor or effect;

(iii) adjudication of Tenant as a bankrupt or insolvent;

(iv) assignment for benefit of creditors of Tenant, whether by trust, mortgage, or otherwise, or the execution of a composition agreement with Tenant's creditors;

(v) petition or other proceeding by or against (which is not dismissed within 60 days after its filing) Tenant for the appointment of a trustee, receiver, guardian, conservator, or liquidator of Tenant, with respect to all or substantially all of Tenant's property;

(vi) petition or other proceeding by or against (which is not dismissed within 60 days after its filing) Tenant resulting in the dissolution or termination of existence of Tenant; or

(vii) except to the extent reasonably approved by Landlord, or dismissed or consented to by Landlord within sixty (60) days after Tenant's receipt of written notice from Landlord, the creation of a lien upon Tenant's leasehold interest under this lease, or any part thereof or any property of Tenant used in connection with Tenant's business located within the Leased Premises.

Immediately upon the occurrence of any event of default or at any time thereafter, unless that event of default has been cured with the written consent of Landlord or expressly waived by Landlord in writing, Landlord may at its option elect either to: (a) continue this lease in full force and effect notwithstanding the occurrence of such event of default; (b) terminate this lease; or (c) continue this lease and immediately re-enter and repossess (with a court order) the Leased Premises, and in any of the foregoing circumstances, recover from Tenant an amount equal to: (i) all unpaid Rent accruing hereunder prior to Landlord's actual recovery of possession of the Leased Premises, (ii) all other unpaid amounts which were to have been paid by Tenant to anyone hereunder prior to Landlord's actual recovery of possession of the Leased Premises, (iii) Landlord's costs of completing any improvements to the Leased Premises which were uncompleted at the time of Tenant's default, (iv) Landlord's damages for Tenant's breach of this lease (including without limitation, damages to Landlord resulting from lost rent during the remainder of what would otherwise have been the Term (i.e. acceleration of all Rents to be paid thereafter under this lease discounted to present value at a rate equal the Prime Rate of Interest published in The Wall Street Journal as of the date the default by Tenant first occurred), clean-up expenses, leasing commissions to real estate brokers, legal expenses in connection with re-leasing the Leased Premises, advertising and costs and expenses of any repair, redecoration, or other improvements that may be reasonably necessary (in Landlord's opinion) in connection with re-leasing the Leased Premises), (v) late charges, if any, due and unpaid under the following paragraph, and (vi) interest on the foregoing amounts from the date of Landlord's election to terminate this lease until the date of payment at a rate equal to four percent over the Prime Rate of Interest published in The Wall Street Journal (the "Default Rate") from the date such payment was due. In connection with (iv), above, Landlord shall use reasonable efforts to mitigate its damages relating to lost rent during the remainder of what would otherwise have been the Term of this lease. Until such time as Landlord expressly elects to terminate this lease as permitted under this section, this lease shall continue in full force and effect notwithstanding the occurrence of such event of default. In the event Landlord elects to so terminate this lease, Tenant thereupon shall be deemed to have assigned and transferred to Landlord all unexpired insurance premiums, all deposits made with public utilities, and all rights of Tenant under all insurance policies.

If Tenant fails to pay any Rent on or before the fifth day after any such payment becomes due and payable, Tenant shall pay to Landlord a late charge of five percent of the amount of such overdue payment. In addition, any Rent not paid when due shall bear interest at the lesser of the Default Rate, or the maximum rate allowed by law until paid. Acceptance of the foregoing sums shall not constitute a waiver of any event of default. Upon Landlord's receipt of any check from Tenant which is dishonored for payment, Landlord shall have the right to require Tenant to make all future payments due to Landlord hereunder by cash, certified or cashier's check.

The provisions of this section shall be cumulative in nature and nothing contained in this section shall in any manner impair or otherwise adversely affect any right, recourse, or remedy which otherwise would be available to Landlord at law or in equity.

§25. RIGHT TO CURE DEFAULTS

If Tenant fails to perform and observe all obligations and conditions to be performed and observed by it under this lease, then Landlord may, but shall not be obligated to, cause the performance and observance of such obligations or conditions, and all costs and expenses incurred by Landlord in connection therewith, including without limitation reasonable attorneys' fees, shall thereupon be due and payable immediately from Tenant to Landlord, with interest thereon from the time such costs and expenses were paid by Landlord until Landlord is reimbursed in full by Tenant at a rate equal to the Default Rate, which shall be deemed Additional Rent to be paid by Tenant to Landlord.

§26. CUMULATIVE RIGHTS AND REMEDIES

Each right or remedy of Landlord under this lease or now or hereafter available to Landlord by statute, at law, in equity, or otherwise shall be cumulative and concurrent and shall be in addition to every other such right or remedy, and neither the existence, availability, nor exercise of any one or more of such rights or remedies shall preclude or otherwise affect the simultaneous or later exercise by Landlord of any or all such other rights or remedies.

§27. HOLDING OVER

If Tenant retains possession of the Leased Premises or any part thereof after the expiration of the term of this lease, Tenant shall pay to Landlord Base Rent in an amount equal to (i) 125% of the monthly rate in effect immediately prior to the termination of the Term for the time Tenant remains in possession for the first 30 days following the expiration of the Term, and (ii) 150% of the monthly rate in effect immediately prior to the termination of the Term for the time Tenant remains in possession after the first 30 days following the expiration of the Term. Tenant shall also pay all Additional Rent as required under §4, above. The provisions of this section do not exclude Landlord's rights of re-entry or any other right provided under this lease or available at law or in equity. No such holding over shall be deemed to constitute a renewal or extension of the term hereof; however, all other provisions of this lease, including the payment of Additional Rent, shall remain in full force and effect.

§28. ASSIGNMENT AND SUBLETTING

Except as otherwise expressly provided below, Tenant shall not sublet the Leased Premises or any part thereof or transfer possession or occupancy thereof to any person, firm or entity or transfer or assign all or any part of this lease, nor shall any assignment or subletting hereof be affected by operation of law or otherwise without Landlord's prior consent, which consent shall not be unreasonably withheld. If Tenant desires to sublet the Leased Premises or if Tenant desires to transfer or assign any of its rights under this lease, Tenant shall give to the Landlord 30 days written notice of Tenant's intention to do so.

Any provision of this lease to the contrary notwithstanding, Tenant shall have the right, at any time and from time to time upon 15 days prior written notice to Landlord but without Landlord's consent to sublet all or a part of the Leased Premises or assign Tenant's interest in this lease to any subsidiary, parent entity, or affiliate or entity under common control with Tenant or in connection with any merger, consolidation or sale of all or substantially all of the stock or assets of Tenant; provided, that (i) Tenant shall remain primarily liable under this lease, (ii) any proposed assignee or sublessee shall assume, in a written instrument reasonably acceptable to Landlord, all of the obligations and undertakings of Tenant under this lease, (iii) no use shall be employed in connection with the Leased Premises other than the Approved Use; and (iv) Tenant shall not then be in default under this lease, beyond any applicable notice and cure period.

If this lease is assigned or if the Leased Premises or any part thereof are sublet or occupied by anybody other than Tenant as permitted above, Landlord may, after default by Tenant, collect rent from the assignee, subtenant or occupant, and apply the net amount so collected to the Rent due from Tenant under this lease, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of Tenant's covenants contained in this lease or the acceptance of such assignee, subtenant or occupant as Tenant, or a release of Tenant from further performance by Tenant of its covenants under this lease. Notwithstanding anything to the contrary in this lease, any approved assignment of this lease shall also fully release Tenant from any and all liability under this lease from and after the date of such assignment. Further any such assignee, subtenant, or occupant shall unconditionally pay to Landlord all such rent in the event Landlord delivers notice to such assignee, subtenant, or occupant demanding the payment of rent to be made to Landlord. Such assignee, subtenant, or occupant may unconditionally rely upon any such notice it receives from Landlord and need not inquire or obtain Tenant's consent thereto.

Tenant shall pay or reimburse Landlord for all reasonable costs and expenses (including attorney's fees and costs) incurred by Landlord in order to complete any such assignment or subletting as permitted under this section. Those costs and expenses shall be deemed to be Additional Rent under this lease.

If the Leased Premises are sublet or assigned at a rental rate higher than the Rent required to be paid by Tenant, 50% of the difference between the rental rate due from such subtenant or assignee and the Rent due under this lease shall be paid by Tenant to Landlord after deduction therefrom of any leasing commissions and any alteration expenses actually incurred and paid for by Tenant in connection with such subletting or assignment. In addition to the foregoing, in no event may Tenant sublet all or any portion of the Leased Premises at a rental rate for Base Rent less than the Landlord's asking rental rate for comparable space in the Building as determined by Landlord in Landlord's reasonable discretion.

Landlord shall have the right to assign or otherwise transfer any or all of its rights under this lease without Tenant's approval; provided that such assignee or transferee assumes all of the Landlord's obligations under this lease whether accruing before or after any such assignment or transfer.

§29. ACCESS AND OTHER RIGHTS OF LANDLORD

Tenant shall permit Landlord, its agents or employees, or any mortgagee of Landlord, to enter the Leased Premises at all reasonable times and upon at least 24 hours prior notice (except in cases of emergency) to examine, inspect or protect the Leased Premises; to make such alterations and repairs to the Leased Premises as Landlord deems necessary; to exhibit the Leased Premises to prospective tenants during the last six months of the Term or following the commencement of any action to evict Tenant; and to exhibit the Leased Premises to prospective mortgagees, purchasers, brokers, and any other interested parties at any time during the Term; provided, however, that Tenant shall have the option to cause an authorized representative of Tenant to accompany Landlord, its agents or employees, or any mortgagee of Landlord during access to the Leased Premises. Landlord will use commercially reasonable efforts to minimize any interference with Tenant's operations at the Leased Premises during such times that Landlord shall enter the Leased Premises. Notwithstanding anything in this lease to the contrary, Landlord shall not have access to any area in the Leased Premises that Tenant is required by law to restrict because such area (the "Secured Area") contains health information and records ("PHI") protected by the Health Insurance Portability and Accountability Act ("HIPAA"), Rule, 45 CFR Part 160 and Subparts A and E of Part 164, as amended from time to time, or any other laws enacted to protect individuals' medical records and other personal health information, or personally identified information and records ("PII") protected by the Graham Leach Bliley Act of 1999, 15 U.S.C. § 6801 et seq., 16 CFR § 313.1 et seq. 16 CFR §314.1 et seq.as amended from time to time (collectively, "Privacy Laws"), except in the presence of an authorized

representative of Tenant. Landlord agrees that Tenant may designate certain portions of the Leased Premises as a Secured Area by the delivery of written notice to Landlord depicting the exact location of such areas. Notwithstanding the foregoing, Tenant may not designate areas as a "Secured Area" if such designation is in violation of applicable laws, regulations, or codes or would prohibit Landlord free access to any fan room, mechanical room, or other portion of the Leased Premises which Landlord deems necessary or desirable to enter in connection with the repair, maintenance, operation, or upgrading of Building systems and/or equipment or serving or providing services to other tenants in the Building, such as through riser closets, electrical rooms, and other portions of the Leased Premises. Tenant acknowledges that to the extent Tenant prevents or limits access by Landlord to any Secured Area (excluding Tenant's vaults and safes, if any), Landlord shall not be liable for any damage resulting from any necessary forcible entry into or within the Leased Premises in any situation which Landlord reasonably believes to constitute an emergency situation.

In addition to the foregoing, Tenant acknowledges that Landlord shall have the right at any time in the event of an emergency to make all inspections, repairs, alterations, additions, and improvements to the Building, including without limitation the Leased Premises, as may be necessary or desirable for the safety, protection, or preservation of the Leased Premises or the Building or Landlord's interest therein or as may be necessary or desirable for the operation or improvement of the Building.

In connection with this section, Tenant acknowledges that Landlord shall have the right to maintain a key (along with any key card or access codes) necessary to access the Leased Premises and that Tenant shall not change the locks or other security access cards or codes to the Leased Premises without providing Landlord with new keys and/or other access cards or codes necessary to enable Landlord such access.

§30. FINANCIAL STATEMENTS; REPORTING REQUIREMENTS

Prior to the execution of this lease and not later than 10 days after written request from Landlord, but not more than once in a 12 month period, Tenant shall deliver to Landlord, or any prospective mortgagee or purchaser of the Real Property, financial statements of Tenant certified by Tenant's accountant or financial officer for Tenant for the most recently completed fiscal/calendar year and fiscal/ calendar quarter. In the event Tenant requests certain confidential arrangements relating to the delivery of such statements to certain persons, Landlord shall use its best efforts to accommodate Tenant with such request by Tenant, except that Landlord shall be permitted to provide such financial statements to any mortgagee or prospective purchaser of the Real Property so long as any such mortgagee or prospective purchaser complies with such reasonable confidential arrangements requested by Tenant, including the execution of a reasonable confidentiality agreement if requested by Tenant.

As a result of the fact that the Real Property is located in a community reinvestment area, enterprise zone, or another designation of a certain property area which is eligible for reduced or abated real estate taxes (as applicable, a "Benefited Area"), Tenant acknowledges that Tenant will need to provide certain confidential information about Tenant and its business operations and employees (e.g. number of employees, payroll figures, etc.) during the Term. Accordingly, upon the request of Landlord or the municipality or governmental entity requesting such information (each, a "Requesting Party"), Tenant shall promptly provide all information so requested by a Requesting Party from time to time during the Term. Tenant acknowledges that the fact that the Real Property is located in a Benefited Area is a direct benefit to Tenant and for all of the other tenants in the Building and Tenant's failure to promptly provide such information to a Requesting Party may jeopardize the benefits conferred upon the Real Property by being located in a Benefited Area and Tenant may be responsible to Landlord for any damages incurred by Landlord as a result of Tenant's failure to comply with the foregoing. Landlord will timely make all

required applications and take all actions and deliver such information required by applicable governmental authorities, including as required under City of Columbus Ordinance No. 2649-2013 (the "Ordinance"), to exempt from taxation the increase in the assessed valuation resulting from improvements constructed on the Real Property, as described in Ohio Revised Code Section 3735.67, through the term authorized by the Ordinance (the "CRA Exemption"). Landlord acknowledges that the CRA Exemption is a material inducement to Tenant entering into this lease and Landlord's failure to timely take such required actions may jeopardize the benefits conferred upon the Real Property by the CRA Exemption and Landlord may be responsible to Tenant for any damages incurred by Tenant as a result of Landlord's failure to comply with the foregoing.

§31. HAZARDOUS MATERIALS

(a) For purposes of this lease: (i) "CERCLA" means The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; (ii) "Hazardous Material" or "Hazardous Materials" means and includes petroleum (including, without limitation, gasoline, crude oil, fuel oil, diesel oil, lubricating oil, sludge, oil refuse, oil mixed with wastes and any other petroleum related product), flammable explosives, radioactive materials, any substance defined or designated as a "hazardous substance," under Sections 101(14) and 102 of CERCLA or any other materials defined or designated as hazardous under any federal, state, or local statute, law, ordinance, code, rule, regulation, order or decree; (iii) "Release" shall have the meaning given such term, or any similar term, in Section 101(22) of CERCLA; and (iv) "Environmental Law" or "Environmental Laws" shall mean any "Superfund" or "Super Lien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Materials as may now or at any time hereafter be in effect and as amended from time to time, including without limitation, the following (amended or replaced from time to time) and all regulations promulgated thereunder or in connection therewith; CERCLA; the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); The Clean Air Act ("CAA"); The Clean Water Act ("CWA"); The Toxic Substances Control Act ("TSCA"); The Solid Waste Disposal Act ("SWDA"), as amended by the Resource Conservation and Recovery Act ("RCRA"); and the Occupational Safety and Health Act of 1970 ("OSHA").

(b) Tenant hereby covenants and agrees that (i) no activity shall be undertaken on the Leased Premises, nor shall any activity be undertaken within the Building or on the Real Property by Tenant or its agents, employees, contractors, or invitees, which would in any event cause (A) the Leased Premises or the Building to become a hazardous waste treatment, storage or disposal facility regulated or subject to regulation under any Environmental Law, (B) a Release of any Hazardous Material into the environment at, on, in, under, above, through, or surrounding the Leased Premises or the Building, or (C) the discharge of pollutants or effluents into any water source or system, which would require a permit under any federal law, state law, local ordinance or any other Environmental Law pertaining to such matters; (ii) Tenant shall at its sole cost and expense comply with, and ensure compliance by its agents, employees, contractors, or invitees with, all applicable Environmental Laws relating to or affecting the Leased Premises, and Tenant shall keep the Leased Premises free and clear of any liens imposed pursuant to any applicable Environmental Laws arising out of Tenant's use of the Leased Premises, all at Tenant's sole cost and expense; (iii) Tenant will, at Tenant's sole cost and expense, obtain and/or maintain all licenses, permits and/or other governmental or regulatory actions necessary to comply with all applicable Environmental Laws (the "Permits") and Tenant at all times shall remain in full compliance with the terms and provisions of the Permits; (iv) Tenant shall immediately give Landlord oral and written notice in the event that Tenant receives any communication from any governmental agency, entity, or any other party with regard to Hazardous Materials on, from or affecting the Leased Premises or the Building or on

the Real Property or otherwise with respect to Tenant's use and occupancy of the Leased Premises or the operation of Tenant's business therein; and (v) Tenant shall, at Tenant's sole cost and expense, conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Leased Premises or on the Real Property, or, where resulting from acts or omissions of Tenant or its agents, employees, contractors and invitees in accordance with all applicable Environmental Laws.

(c) Tenant hereby indemnifies Landlord and agrees to hold Landlord harmless from and against any and all liens, demands, suits, actions, proceedings, disbursements, liabilities, losses, litigation, damages, judgments, obligations, penalties, injuries, costs, expenses (including, without limitation, attorneys' and experts' fees) and claims of any and every kind whatsoever paid, incurred, suffered by, or asserted against Landlord and/or the Leased Premises, the Building for, with respect to, or as a direct or indirect result of: (i) the Release or presence from, in, on, over or under the Leased Premises of any Hazardous Materials regardless of quantity where caused by Tenant or its agents, employees or contractors; (ii) the Release or presence from, in, on, over or under the Building or on the Real Property of any Hazardous Materials regardless of quantity where caused by Tenant or its agents, employees or contractors; (iii) the violation of any Environmental Laws relating to or affecting the Leased Premises or Tenant, where caused by or within the control of Tenant or its agents, employees or contractors; and (iv) the failure by Tenant to comply fully with the terms and provisions of this section, provided that nothing contained in this section shall make Tenant liable or responsible for conditions existing prior to the commencement of the Term of this lease or first occurring after the expiration of the Term of this lease except where caused by Tenant or its agents, employees or contractors.

(d) Landlord hereby indemnifies Tenant and agrees to hold Tenant harmless from and against any and all liens, demands, suits, actions, proceedings, disbursements, liabilities, losses, litigation, damages, judgments, obligations, penalties, injuries, costs, expenses (including, without limitation, actual and reasonable attorneys' and experts' fees) and claims of any and every kind whatsoever paid, incurred, suffered by, or asserted against Tenant and/or the Leased Premises, with respect to, or as a direct or indirect result of: (i) the Release or presence from, in, on, over or under the Leased Premises, the Building or Real Property of any Hazardous Materials in violation of applicable Environmental Law, to the extent directly and solely caused by Landlord or its agents, employees, or contractors; and (ii) the violation of any Environmental Laws relating to or affecting the Leased Premises, to the extent directly and solely caused by Landlord or its agents, employees, or contractors.

(e) The obligations and liabilities of Landlord and Tenant under this section shall survive the expiration of the Term or earlier termination of this lease.

§32. SIGNAGE

Landlord shall have the right to install and maintain a sign (or signs) on the Real Property identifying the Building. Subject to the reasonable review and approval of Landlord, Tenant shall have the right to maintain (i) a listing on the directory of the Building, (ii) a sign on or beside the door adjacent to the entry to the Leased Premises; provided, however, that if Tenant desires to customize its suite entry sign beyond that of a Building-standard suite entry sign, such additional costs shall be considering a "branding" expense and shall be the sole expense of Tenant, and (iii) a sign on the western elevation of the Building in a location mutually agreed to by Landlord and Tenant the cost of which shall be the sole expense of Tenant; provided that all such signage is in compliance with standard signage criteria for the Building and is in compliance with all applicable laws and ordinances. Drawings submitted by Tenant to Landlord for approval shall clearly show graphic as well as construction and attachment details of all signs including

electrical load requirement and brightness of foot-candles. Erection of any sign is prohibited unless approved in writing by Landlord. When so approved, such sign shall only contain the name and business of Tenant. Tenant shall not have the right to maintain any other signs on the Real Property or on or within the Building without the prior written consent of Landlord (in Landlord's sole discretion). Tenant agrees to maintain such signage in good condition and repair and to be responsible for all costs resulting from the erection, maintenance, existence, or removal thereof. Upon the expiration of the Term, Tenant shall be responsible for all costs to remove any and all signs bearing Tenant's name and for the cost of repair necessitated thereby, reasonable wear and tear excepted.

§33. BROKERS

Tenant and Landlord each represent and warrant to the other that there are no claims for brokerage commissions or finder's fees in connection with this lease other than such commissions payable to Newmark Knight Frank who has been serving as the broker for Tenant (hereinafter, "Tenant's Broker") and any fees due to The Daimler Group, Inc., who has been serving as the broker for Landlord (hereinafter, "Landlord's Broker"). Each party agrees to indemnify the other and hold it harmless from and against any and all claims, demands or costs/expenses (including attorney's fees) arising from any other broker or finder (other than Tenant's Broker or Landlord's Broker) claiming to have represented that party in this lease. This obligation shall survive the termination of this lease. Landlord shall be obligated to pay Tenant's Broker and Landlord's Broker in the manner contemplated in separate agreements with those parties.

§34. NOTICES

All notices and other communications required or desired to be given to either party under this lease shall be in writing and shall be deemed given when delivered personally, three days after having been mailed by certified mail (return receipt requested) to that party at the address for that party (or at such other address for such party as shall have specified in a notice to the other party), or one day after having been delivered to Federal Express, UPS, or any similar nationally-recognized express delivery service for overnight delivery to that party at that address:

If to Tenant:
[Prior to Commencement Date]:
IBOD Company, Inc.
[***]

[From and After the Commencement Date]:
IBOD Company, Inc.
80 E. Rich Street, Suite 500
Columbus, Ohio 43215
Attention: Jon Allison, Esq.

If to Landlord:
Two25 Commons LLC
c/o The Daimler Group, Inc.
[***]

§35. SURVIVAL OF OBLIGATIONS

No termination of this lease and no repossession of the Leased Premises or any part thereof shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such termination or repossession.

§36. MEMORANDUM OF LEASE

This lease shall not be recorded; however, at the request of either Landlord or Tenant, the other party shall execute, acknowledge, and deliver a memorandum of this lease (which would exclude all economic terms of this lease) for purposes of giving public notice of the rights and obligations of Landlord and Tenant under this lease.

§37. NON-WAIVER

No failure by Landlord to exercise any option hereunder or to enforce its rights or seek its remedies upon any default, and no acceptance by Landlord of any rent accruing before or after any default, shall effect or constitute a waiver of Landlord's rights to exercise that option, enforce that right, or seek that remedy with respect to that default or any prior or subsequent default.

§38. NO THIRD PARTY BENEFIT

This lease is intended for the benefit of Landlord and Tenant and, except as otherwise provided in this lease, their respective successors and assigns, and nothing contained in this lease shall be construed as creating any rights or benefits in or to any third party.

§39. PREVAILING PARTY

If either party to this lease commences any action against the other, the prevailing party in any such action shall be entitled to reimbursement for its reasonable attorneys' fees (and other costs and expenses) from the other party.

§40. SEVERABILITY

The intention of the parties to this lease is to comply fully with all laws governing leases, and this lease shall be construed consistently with all such laws to the extent possible. If and to the extent that any court of competent jurisdiction is unable to so construe part or all of any provision of this lease, and holds that part or all of that provision to be invalid, such invalidity shall not affect the balance of that provision or the remaining provisions of this lease, which shall remain in full force and effect.

§41. GOVERNING LAW; VENUE

This lease has been negotiated and executed in the State of Ohio and relates to real property located in the State of Ohio.

All questions concerning the validity or intention of this lease shall be resolved under the laws of the State of Ohio. The parties to this lease hereby designate the Court of Common Pleas of Franklin County, Ohio, as the court of proper jurisdiction and exclusive venue for any actions or proceedings relating to this lease; hereby irrevocably consent to such designation, jurisdiction and venue; and hereby waive any

objections or defenses relating to jurisdiction or venue with respect to any action or proceeding initiated in the Court of Common Pleas of Franklin County, Ohio.

§42. EXHIBITS

All exhibits attached to this lease are incorporated herein by reference.

§43. COMPLETE AGREEMENT

This document (with its exhibits, which are hereby incorporated herein by reference) contains the entire lease between the parties and supersedes any prior discussions, representations, warranties, or agreements between them respecting the subject matter. No changes, alterations, modifications, additions, or qualifications to this lease shall be made or be binding unless made in writing and signed by each of the parties.

§44. COUNTERPARTS

This lease may be executed in several counterparts and each executed counterpart shall be considered an original of this lease.

§45. GENDERS AND NUMBERS

When the context permits, each pronoun used in this lease includes pronouns of the same person in other genders or numbers and each noun used in this lease includes the same noun in different numbers.

§46. TIME OF THE ESSENCE

The time for payment of Rent and all other amounts to be paid by Tenant under this lease and for performance and observance of all other obligations and conditions to be performed or observed by Tenant under this lease shall be of the essence of this agreement.

§47. CAPTIONS

The captions at the beginnings of the sections of this lease are not part of the context of this agreement, but are merely labels to assist in locating those sections, and shall be ignored in construing this lease.

§48. SUCCESSORS IN INTEREST

Except as otherwise provided in this lease, all provisions of this agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective heirs, personal representatives, successors, and assigns of each party to this lease.

§49. TENANT'S RIGHT OF FIRST REFUSAL

Provided that Tenant is not then in default beyond any applicable notice and cure periods, Landlord shall notify Tenant in writing (the "Landlord's Notice") if, at any time during the Term, Landlord has a letter of intent Landlord intends to accept (from a potential third party tenant) to lease all or any portion of the second floor, third floor, and/or sixth floor of the Building, which is not then included within the Leased Premises (the "Offer Premises"), excluding, however, a transfer of the Offer Premises to the holder of any first mortgage lien encumbering the Offer Premises.

Upon receipt of Landlord's Notice, which shall include the letter of intent, provided that Tenant is not then in default beyond any applicable notice and cure periods, Tenant shall have the option to lease the Offer Premises at the base rent and upon all but only all such other terms and conditions as are set forth in Landlord's Notice ("Right of First Refusal"). Tenant shall have 10 days upon receipt of Landlord's Notice in which to notify Landlord of its election to exercise Tenant's Right of First Refusal. In the event Tenant fails to notify Landlord of its desire to exercise its Right of First Refusal within such 10 day period, such failure shall be conclusively deemed a rejection of the Right of First Refusal, whereupon Landlord shall be free to lease the Offer Premises to the third party with whom Landlord had the binding agreement accompanying Landlord's Notice and, except as next provided, Tenant's Right of First Refusal shall be of no further force or effect with respect to such Offer Premises; provided, however, Tenant's Right of First Refusal shall again apply if Landlord does not lease the Offer Premises to such third party upon substantially the same financial terms contemplated in Landlord's Notice (meaning, for purposes hereof, at financial terms which do not vary by more than 7.5% from the financial terms reflected in such Landlord's Notice) within 180 days following Tenant's receipt of the applicable Landlord's Notice. Within 20 business days after Tenant notifies Landlord of its agreement to exercise Tenant's Right of First Refusal, or such additional time as agreed by Landlord and Tenant in writing, Landlord and Tenant shall enter into an amendment to this lease containing the terms and conditions set forth in Landlord's Notice and such other mutually agreed upon terms and conditions.

Tenant's Right of First Refusal under this §49 shall be of no further force or effect upon the leasing of the particular Offer Premises (i) so long as Landlord complied with the terms and conditions set forth in the paragraph above and (ii) until such time as said third party no longer leases such Offer Premises and Landlord has a letter of intent Landlord intends to accept (from another potential third party tenant) to lease such Offer Premises, but shall continue for any other Offer Premises which becomes available during the Term.

§50. OPTION TO LEASE ADDITIONAL SPACE

At any time prior to the first anniversary of the Commencement Date, provided a Tenant event of default does not exist at the time the option may be exercised, Tenant shall have the option (the "Additional Space Option"), exercisable by written notice from Tenant to Landlord (the "Additional Space Notice"; which Additional Space Notice shall identify which portion, or all, of the remaining leasable area of the Building which remain unencumbered by a lease with another third party, and which Tenant desires to lease) to lease any portion, or all, of the remaining leasable areas of the Office Condominium that remain unencumbered, and have not previously been encumbered, by a lease with another third party (the "Additional Space"), upon all of the terms and conditions applicable to the Leased Premises, except as follows:

(a) The Base Rent for the Additional Space shall be at the same then current Base Rent rate as applicable to the Leased Premises on the Additional Space Commencement Date (defined below) with the same annual increases as set forth in this lease.

(b) Subject to the Additional Space Allowance (defined below), Tenant shall be responsible for the cost of completing the improvements to the Additional Space. Landlord shall provide Tenant with a tenant improvement allowance for the Additional Space in the amount equal to the product of (i) $40.00 per leasable square foot of the Additional Space; and (ii) a fraction, the numerator of which is the number of months left in the initial Term from and after the Additional Space Commencement Date, and the denominator of which is 72 (the "Additional Space Allowance"). In the event the actual costs of completing the improvements to the Additional Space is less than the Additional Space Allowance,

Landlord will, at Tenant's option, credit Tenant the difference in Base Rent or pay Tenant such difference in one lump sum. In the event the actual costs of completing the improvements to the Additional Space exceeds the Additional Space Allowance, then Tenant shall pay to Landlord (i) 33% of the projected amount of such excess within 30 days after Landlord's request therefore, but in no event earlier than the commencement of the construction of the improvements to the Additional Space, (ii) another 33% of the projected amount of such excess within 30 days after Landlord's request therefore, but in no event earlier than completion of approximately one-half of the improvements to the Additional Space, and (iii) the balance of such excess costs to be paid within 30 days after Landlord's request therefore, but in no event earlier than the Additional Space Commencement Date.

(c) The commencement date with respect to the Additional Space (the "Additional Space Commencement Date") would be determined in accordance with §2(a) of the lease. Payment of Base Rent and Additional Rent with respect to the Additional Space would commence on the Additional Space Commencement Date;

(d) The Additional Space shall be added to the Leased Premises for the remainder of the Term on the Additional Space Commencement Date and shall be subject to all of the terms and conditions of the lease.

(e) Notwithstanding the foregoing, from and after the first anniversary of the Commencement Date, Tenant may only exercise the Additional Space Option (i) for any Additional Space containing less than 10,000 leasable square feet if the Term for the Additional Space is no less than 60 months, and (ii) for any Additional Space containing 10,000 or more leasable square feet if the Term for the Leased Premises and the Additional Space is extended such that there are 60 months remaining on the Term for all space subject to this lease from and after the Additional Space Commencement Date. In no event may Tenant exercise the Additional Space Option in any Renewal Term.

(f) Landlord and Tenant shall execute an amendment to this lease within thirty (30) days after the Additional Space Commencement Date, which amendment shall set forth the revised Leased Premises, Tenant's Pro Rata Share of Operating Costs, the Base Rent for the Additional Space, and the new Term expiration date, if applicable.

(g) Further notwithstanding the foregoing, Tenant's Additional Space Option is not deemed to grant Tenant an exclusive right to lease the Additional Space, and subject to Tenant's Right of First Refusal, Landlord is free at any time, and from time to time, to lease the Additional Space to another party or parties.

§51. LANDLORD'S COVENANT

During the Term of this lease, provided that there is no Tenant default continuing beyond the applicable period for notice and cure, and the entire Leased Premises is being used and occupied by Tenant, Landlord shall not, without Tenant's written consent (which consent may be withheld in Tenant's sole and absolute discretion), permit the installation of exterior on-building signage for any Building tenant that is an insurance entity or group engaged in insurance related activities regulated by a state insurance department and with an active national producer number assigned by the National Association of Insurance Commissioners.

§52. CONTINGENCY

Notwithstanding anything in this lease to the contrary, the effectiveness of this lease shall be contingent upon Tenant receiving approval of certain economic incentives through the State of Ohio and City of Columbus, Ohio (collectively, the "Incentives"). In the event that the Incentives, in such amounts and on such terms as are acceptable to Tenant, are not obtained by May 31, 2018 (the "Contingency Date"), then, at Tenant's written election and delivery of written notice of such election to Landlord within 10 days after the Contingency Date, this lease shall be cancelled and of no force and effect and neither party shall have any further obligation to the other under it except as provided in the remainder of this Section 52. If Tenant elects to cancel this lease (if Tenant fails to give notice within such 10 day period, it shall be deemed that Tenant has not elected to cancel this lease and this lease shall remain in full force and effect), then, Tenant shall pay to Landlord the "Reimbursement Costs". The phrase "Reimbursement Costs" means the entire amount of all of Landlord's reasonable, documented costs (including the Plans) incurred in performing the Tenant Improvements prior to the date of receipt of Tenant's notice of its election to cancel. To the extent Landlord can cancel or terminate any contracts for materials or work not yet delivered or performed but contracted for, Landlord will do so and any cancellation or termination fees will be part of the Reimbursement Costs. Tenant shall pay such amount within 30 days after receipt of Landlord's written invoice therefor accompanied supporting information reasonably satisfactory to Tenant. If Tenant fails to pay within that 30 day period, then the unpaid amount shall bear interest at the Default Rate from the date due until the date paid, and Landlord shall have the right to take legal action to collect the amount due. In the event of such legal action, Tenant shall pay to Landlord its court costs and attorney fees incurred in collecting the Reimbursement Costs. The provisions of this Section 52 survive termination or cancellation of this lease.

§53. LANDLORD DEFAULT

If Landlord fails to perform any of its obligations hereunder, Tenant (except in the case of an emergency) shall take no action without having first given Landlord 30 days written notice describing with specificity any such failure; provided, however, that if the nature of Landlord's failure is such that it cannot reasonably be cured within such 30 day period, the time for curing such failure shall be extended for such period of time as may be necessary to complete such cure, so long as Landlord shall proceed promptly to cure same and shall prosecute such cure continuously, in good faith and with due diligence and such failure does not materially interfere with Tenant's use and occupancy of the Premises. Following such notice and failure by Landlord to cure within such period, Tenant shall have all rights available to it at law or in equity.

§54. LANDLORD'S WARRANTIES

As a material inducement to Tenant to enter into this lease, Landlord warrants, represents, covenants and agrees as follows: (a) Landlord is the owner of a fee simple estate in the Real Property and has the right, power and authority to enter into this lease and to perform the same without consent of any other party, except for consents already obtained, and by this instrument conveys a good leasehold interest in the Leased Premises to Tenant in accordance with the terms, conditions and provisions hereof and the execution of this lease has been duly and validly authorized on behalf of Landlord; and (b) as of the Commencement Date, the Fifth Floor Premises shall comply with all applicable federal, state and local laws, codes and regulations in effect at that time, including but not limited to the Americans With Disabilities Act, all covenants, conditions, and restrictions of record in effect at that time, including, but not limited to the Condominium Declaration, if any and as of the Fourth Floor Substantial Completion Date, the Fourth Floor Premises shall comply with all applicable federal, state and local laws, codes and

regulations in effect at that time, including but not limited to the Americans With Disabilities Act, all covenants, conditions, and restrictions of record in effect at that time, including, but not limited to the Condominium Declaration, if any. The representations, warranties and covenants in this lease are material considerations and inducements to Tenant in executing this lease, the breach of which will cause irreparable and severe harm to Tenant. Without limiting any other right or remedy of Tenant, in the event of a breach of the representations, warranties, and covenants, which materially and adversely affects Tenant's ability to occupy and use the Leased Premises for its Approved Use or materially and adversely limits the rights or expands the obligations of Tenant under this lease, Tenant has the right after providing Landlord with 30 days' prior written notice to terminate this lease at any time during the period of such breach.

[Acknowledgements and Signatures appear on the following page]

LANDLORD:

TWO25 COMMONS LLC

By */s/ Robert C. White*
Robert C. White
President

TENANT:

IBOD COMPANY, INC.

By */s/ Alexander E. Timm*
Its CEO

STATE OF OHIO
FRANKLIN COUNTY

This document was acknowledged before me on May 18, 2018, by Robert C. White, the President of TWO25 Commons LLC, an Ohio limited liability company, on behalf of the Company.

/s/ Jessica Corris
Notary Public

STATE OF OHIO
FRANKLIN COUNTY

This document was acknowledged before me on May 9th, 2018, by Alex Timm, the CEO of IBOD Company, Inc., a Delaware corporation, on behalf of Tenant.

/s/ Nicole R Bailey
Notary Public

EXHIBIT A - LEGAL DESCRIPTION OF REAL PROPERTY

EXHIBIT B - DEPICTION OF LEASED PREMISES

EXHIBIT C — TENANT PARKING AGREEMENT

PARKING AGREEMENT

For Parking in the

COLUMBUS COMMONS
MAIN PARKING GARAGE

Between

TWO25 COMMONS LLC
"Landlord"

and

IBOD COMPANY, INC.
"Customer"

Dated: _____, 2018

PARKING AGREEMENT
COLUMBUS COMMONS MAIN PARKING GARAGE
COLUMBUS, OHIO

THIS PARKING AGREEMENT (this "**Agreement**") is entered into as of _____, 2018 (the "**Effective Date**"), by and between **TWO25 COMMONS LLC**, an Ohio limited liability company ("**Landlord**"), and **IBOD COMPANY, INC.**, a Delaware corporation ("**Customer**").

RECITALS

WHEREAS, Landlord and Capitol South Community Urban Redevelopment Corporation, an Ohio non-profit corporation ("**Owner**") entered into a certain Parking Agreement, Columbus Commons Main Parking Garage, Columbus, Ohio, dated December 6, 2016 (the "**Master Parking Agreement**"; as more particularly defined below), which grants to Landlord certain rights to parking at Owner's Garage (defined below), for the tenants of the building being constructed by Landlord at 80 E. Erich Street, Columbus, Ohio (the "**Building**"); and

WHEREAS, Customer is a tenant in the Building, pursuant to a certain Office Lease Agreement with Landlord, dated _____, 2018 (the "**Lease**"); and

WHEREAS, pursuant to Landlord's rights and obligations under the Master Parking Agreement, Landlord agrees to provide parking in the Garage for the employees of Customer, upon the terms and conditions set forth in this Agreement, and the Master Parking Agreement to which this Agreement is subject, which parking shall fulfill a portion of Landlord's obligations to Owner under the Master Parking Agreement;

NOW THEREFORE, Landlord and Customer, intending to be hereby bound, agree as follows:

1. DEFINITIONS.

In this Agreement, the following defined terms have the meanings indicated:

(a) "**Affiliates**" means a party's parent, subsidiary and affiliated entities, and its and their partners, ventures, directors, officers, shareholders, agents, and employees.

(a) "**Customer**" shall have the meaning ascribed it in the preamble to this Agreement, and its successors and assignees as permitted by Section 9 of this Agreement.

(b) "**Customer's Address**" means: [prior to the Lease Commencement Date] IBOD Company, Inc., [***]; [from and after the Lease Commencement Date] IBOD Company, Inc. 80 E. Rich Street, Suite 500, Columbus, Ohio 432154, Attention: Jon Allison, Esq., as the same may be changed by Customer pursuant to §34 of the Lease.

(c) "**Effective Date**" shall have the meaning ascribed it in the preamble to this Agreement.

(d) "**Force Majeure**" means any of the following events or circumstances by which a person is hindered, delayed or prevented from performance of any act: (i) strikes, labor disputes, work stoppages, lockouts or picketing (legal or illegal) or other unavailability of, or inability to obtain, labor; (ii) acts of God, including, without limitation, adverse weather conditions not

reasonably foreseeable, or unusually severe weather, floods, hurricanes, tornadoes, high winds, sinkholes, landslides, earthquakes, epidemics, quarantine and pestilence; (iii) fires or other casualties; (iv) freight embargoes or other unusual delays in transportation; (v) unavailability of, or unusual delay in the delivery of, fuel, power, supplies or materials; (vi) governmental actions, restrictions or moratorium, condemnation, or the orders or approval process of any governmental authority having jurisdiction over Landlord or the Garage; (vii) the passage or enactment of, or the interpretation or application of, any governmental requirement by any governmental authority having jurisdiction over the Garage; or (viii) acts of a public enemy, civil commotions, riots, insurrections, acts of war, blockades, terrorism, sabotage, effects of nuclear radiation, or national or international calamities.

(e) "**Garage**" means that certain parking structure constructed by Owner in 1986 south of the Columbus Commons Park, having a mailing address of 55 E. Rich Street, Columbus, Ohio 43215, and generally situated between High Street, Main Street, Third Street and Rich Street in downtown Columbus, Ohio.

(f) "**Landlord**" shall have the meaning ascribed it in the preamble to this Agreement, and its successors and assigns.

(g) "**Landlord's Address**" means: Two25 Commons LLC, c/o The Daimler Group, Inc., 1533 Lake Shore Drive, Columbus, Ohio 43204, Attention: Legal Department, as the same may be changed by Landlord pursuant to §34 of the Lease.

(h) "**Garage Mortgage**" means any mortgage now or later encumbering the Garage, and all renewals, modifications, supplements, consolidations and replacements thereof

(i) "**Manager**" means the manager of the Garage engaged by Owner from time to time.

(j) "**Master Parking Agreement**" means the Parking Agreement by and between Landlord and Owner, dated December 6, 2016, which grants to occupants of the Building the right to park in the Garage.

(k) "**Parker(s)**" means a natural person (or persons) who is an employee of Customer and has been issued a parking access device by Landlord pursuant to this Agreement as a result of being licensed by Landlord to park in the Garage.

(l) "**Parking Fee**" means the per licensed Parker's vehicle fee payable by Customer for use of a parking access device.

(m) "**Parking Spaces**" (or "**Parking Space**") means the parking spaces (or a parking space) within the Garage, it being understood that designated Parking Spaces will not be assigned to each Parker except as otherwise described herein (i.e. Parking Spaces for Parkers may be unassigned, but other parkers in the Garage may have assigned Parking Spaces).

(n) "**Passenger Vehicles**" means passenger vehicles (including pick-up trucks and vans) having dimensions no larger than the following: 7 feet 6 inches wide, 18 feet long, and 6 feet 5 inches tall; and weighing no more than 3,800 pounds.

(o) "**Prime Rate**" means the rate of interest announced from time to time by The Huntington National Bank, Columbus, Ohio, or any successor to it, as its prime rate. If The Huntington National Bank or any successor to it ceases to announce a prime rate, Owner will designate a reasonably comparable financial institution for purposes of determining the Prime Rate. If more than one Prime Rate is announced by The Huntington National Bank or its successor, then Owner shall designate the applicable Prime Rate.

(p) "**Rules and Regulations**" mean the rules and regulations governing the Garage as set forth in Section 12 hereof, as modified by Owner from time to time.

(q) "**Term**" means the duration of the Agreement, which begins upon the Commencement Date (as defined in the Lease) and expires upon the expiration or earlier termination of the Lease, which has an initial term of 6 years, and two five-year renewal terms (the "**Expiration Date**"), unless earlier terminated pursuant to the provisions of this Agreement. This Agreement shall terminate immediately if Customer's Lease or the Master Parking Agreement ends for any reason.

(r) "**Use**" means the parking of Passenger Vehicles in the Garage by Parkers in compliance with this Agreement, the Master Parking Agreement and the Rules and Regulations.

2. GRANT OF PARKING LICENSE; RELOCATION; DISCONTINUATION.

2.1 Description of Garage.

The Garage was constructed by Owner in 1986 and contains approximately 3600 parking spaces. The Garage covers most of a city block bounded by Rich Street, High Street, Main Street and Third Street.

2.2 License

For and during the Term, Landlord hereby grants to Customer a non-exclusive right for the Use described in this Agreement for as many Vehicles as Customer is paying the Parking Fee upon the terms and conditions contained in this Agreement, the Master Parking Agreement and the Rules and Regulations promulgated from time to time by Landlord. This Agreement is entered into in fulfillment of a portion of the obligations between Landlord and Owner under the Master Parking Agreement. Notwithstanding anything in this Agreement to the contrary, in the event of any conflict or ambiguity existing between the Master Parking Agreement and this Agreement, the provisions of the Master Parking Agreement will control insofar as such applies between Landlord and Customer. This Agreement shall not serve to grant greater rights that those granted in the Master Parking Agreement, nor shall it derogate any rights of Landlord under the Master Parking Agreement. The parking rights granted to Customer under this Agreement shall be in common with other parkers. Unless specifically noted herein, no Parking Space will be assigned to a particular Parker pursuant to this Agreement. Customer hereby acknowledges that, pursuant to the Master Parking Agreement, Landlord has provided designated spaces on the east end of the second level of the Garage and such other nearby areas of the Garage as Landlord designates from time to time for the exclusive use of occupants of the Building, including, but not limited to, Customer's Parkers ("**Parking Zone**").

Owner may temporarily deny Parkers access to the Garage, if necessary, to make repairs or conduct maintenance in the Garage. Landlord agrees to cause Owner to use commercially

reasonable efforts to limit the number and duration of any temporary closings of all or a portion of the Garage and, if only a portion of the Garage is closed, Landlord shall use commercially reasonable efforts to cause Owner to make temporary replacement parking available to Parkers elsewhere in the Garage during such times.

2.3 Discontinuance.

The rights of Customer to have Parkers have access to or park in the Garage (or relocated alternative parking) shall forever cease if either the Lease or the Master Parking Agreement expire or sooner terminate.

3. MINIMUM NUMBER OF PARKING DEVICES AND PARKING FEES.

3.1 Customer Parkers.

Subject to the ramp up provisions provided in Section 3.4 below, Customer shall always pay Parking Fees for not less than 200 parking devices and up to a maximum of 264 parking devices ("Maximum Parking Devices"); and except as otherwise set forth in the Section 3.1, no more parking devices will be available to Customer under the terms of this Agreement. Notwithstanding the foregoing, during the Term of this Agreement if Landlord has the ability to cause Owner to issue additional Office/Retail Parking Devices (as defined in the Master Parking Agreement), pursuant to the terms of the Master Parking Agreement, Customer shall have the right to purchase, at Customer's election and upon the notice required hereunder, said additional Office/Retail Parking Devices ("Additional Parking Devices"). Landlord may decrease the number of Additional Parking Devices upon 30 days prior notice. Once Customer has requested Landlord to increase the number of parking devices above the Maximum Parking Devices, Customer shall be obligated to purchase the Additional Parking Devices, unless decreased by Landlord, for the entire Term of this Agreement.

3.2 Parking Fee per Parker.

Customer shall pay to Landlord, as consideration for the rights granted to Customer in this Agreement, Parking Fees in advance, on the first day of each calendar month, as follows:

- The initial monthly rate per Customer parking device will be equal to 90% of the then published rate for public monthly parking in the Garage.

3.3 Payment of Parking Fees.

The Parking Fees shall be paid by Customer (not by individual Parkers) to Landlord on or before the due date in a single electronic funds transfer, check or payment by credit card. If a Parker begins parking on other than the first day of the month, the Parking Fees will be prorated based upon the actual number of days in the month.

3.4 Ramp up of Parking Devices.

Customer will pay for a minimum of 100 parking devices the first month in which the Lease Commencement Date occurs. The minimum number of parking devices required will increase by 15 per month until the permanent minimum of 200 parking devices is reached. Notwithstanding the foregoing, upon not less than 30 days' prior written notice to Landlord, Customer shall have

the option to increase the required 15 parking device per month minimum to 20 parking devices, on a month by month basis. Thereafter, Customer will purchase a minimum of 200 parking devices throughout the Term of this Agreement. Subject to the maximums provided above, Customer may increase the minimum number of Parking Devices (i) by up to 50 per month, at Customer's election and upon not less than 60 days' prior notice, and (ii) by more than 50 per month, at Customer's election and upon not less than 180 days' prior notice.

3.5 Escalation:

The amount of the per vehicle monthly Parking Fee shall not change during the first two years following the date the first parking device is provided to Customer (the "**Commencement Date**"), and if said Commencement Date is other than the first day of a calendar month, said two-year period of no increase in the Parking Fee shall continue through the end of the calendar month during which said second anniversary occurs. Commencing on the first day of the first calendar month following said period of no increase in the Parking Fee, the monthly Parking Fee for each Parker under this Agreement shall be adjusted annually to the proportion of the monthly parking rate charged by Owner to monthly public parkers specified in Section 3.2, above, rounded to the next whole dollar. As an example, if the public rate is increased to $120, then the result would be adjusted to $108. Provided that this Agreement is still then in effect, following the 30th anniversary of the Commencement Date, the Parking Fees for all parking devices shall increase to the then current monthly parking rate charged by Owner to monthly public parkers in the Garage for non-reserved monthly parking. In addition, following replacement or major restoration of the Garage required by damage or destruction or obsolescence as determined in Landlord's reasonable discretion, Landlord may increase the Parking Fees to reflect the new or restored Garage to the current fair market parking rate for downtown parking structures, if the rate is more than the rate determined by the foregoing calculations.

3.6 Terms of Payment.

All Parking Fees and other sums due Landlord under this Agreement shall be paid to Landlord as Additional Rent due under the Lease.

4. PARKING DEVICES.

Landlord will provide Customer with one parking device for each Parker for whom Customer has paid a Parking Fee under this Agreement. Customer will pay Landlord an activation fee at the prevailing rate under the Master Parking Agreement each time a new parking device is activated for Customer, including both activation of new devices and the activation of any parking devices previously deactivated.

If a device is used out of synchronization, for example not used to enter the garage, but then used to exit, then the device will cease to work. Landlord will charge a fee referred to as a re-sync fee, to reset and restore the device to proper operation.

For each lost parking device, a non-refundable fee (the "**Lost Device Fee**") will be charged at the prevailing rate in the Garage from time to time. Parking devices not working properly will be exchanged at no charge, provided that such parking device has not been damaged (other than through normal wear and tear) or destroyed. Parking devices will not be activated until Customer provides Landlord with a completed Release and Tenancy Verification in the form attached hereto as **Exhibit A**, or in such other form as may be in use by Owner at the time (the "**Parker**

Release") executed by Customer and the prospective Parker. Customer may provide a parking access device to a Parker, but to no others. Upon a Parker's termination of employment, Customer shall (i) immediately notify Landlord in writing of the same so that Landlord may deactivate the parking device assigned to such former Parker. Landlord will cause Owner to reactivate the deactivated parking device upon Customer providing Landlord with a completed Parker Release for the prospective Parker to which such parking device is to be assigned. If the former Parker does not return the parking device within 10 days of deactivation, Landlord reserves the right to charge Customer the Lost Device Fee.
Notwithstanding anything to the contrary in this Agreement, the fees chargeable to Customer under this Section 4 will in no event exceed the fees chargeable to Landlord under the Master Parking Agreement.

5. DAMAGE OR DESTRUCTION.

If the Garage is damaged by fire or other casualty, Landlord will, as soon as practicable after learning of such damage, notify Customer in writing of the time necessary to repair or restore such damage, as estimated by Owner's architect, engineer or contractor. Parking Fees shall abate pro-rata during the period of time any Parkers are unable to access or park in the Parking Zone due to such damage or destruction, but Landlord shall use commercially reasonable efforts to cause Owner to make temporary replacement parking available to Parkers elsewhere in the Garage for which Customer shall pay 75% of the applicable monthly rate under this Agreement.

6. WAIVERS, INDEMNITIES, DISCLAIMER AND INSURANCE.

6.1 Waivers and Indemnity.

Neither (1) Landlord, its Affiliates and their successors and assigns, nor (2) pursuant to Section 6.1 of the Master Parking Agreement, except to the extent caused by Owner or Owner's agents, employees, contractors, or subcontractors intentional misconduct, Owner its Affiliates, the Manager or the holder of any Garage Mortgage (collectively, "**Indemnitees**") will be liable or in any way responsible for, and Customer and all Parkers (i) waive all claims against the Indemnitees for any loss, injury or damage suffered by Customer, any Parker or invitees of Customer or any Parker relating to (a) loss or theft of, or damage to, property of Customer, any Parker or others; (b) injury or damage to persons or property resulting from fire, explosion, falling concrete, escaping steam or gas, electricity, water, rain or snow, or leaks from any part of the Garage or from any pipes, appliances or plumbing, or from dampness; or (c) damage caused by any Parker or persons parking in or using the Garage, or caused by the public or by construction of any private or public work ((a), (b) and (c) being collectively, the "**Customer and Parker Claims**"); and (ii) will indemnify and hold the Indemnitees harmless from and against any and all liability, loss, claims, demands, damages or expenses (including reasonable attorneys' fees) that arises out of or is related to the Customer and Parker Claims, or that is due to or caused by any act or omission of, or breach of this Agreement by, Customer, anyone for whom Customer is legally responsible, Customer's contractors or agents, any Parker, or any person operating a Parker's vehicle in or about the Garage. Customer's and all Parkers' waivers and indemnities under this Section 6.1 will survive the termination of this Agreement.

6.2 Landlord's Disclaimer.

This Agreement provides the right to park only at the Parkers' sole risk. No bailment is created. Neither Landlord nor Owner provides safekeeping, nor shall they be deemed an insurer for vehicles or their contents. Neither Landlord nor Owner will be responsible for fire, theft, damage or loss at, in or about the Garage or the land upon which the Garage is situated, except to the extent caused by Owner or Owner's agents, employees, contractors or subcontractors intentional misconduct. Any attendants at the Garage are present solely to assist Parkers and other parkers, and are not responsible for verifying ownership of the vehicles departing the Garage. No representation, guaranty or warranty is made or assurance given that any communication or security systems, devices or procedures in the Garage will be effective to prevent injury to Parkers or any other person, and Owner reserves the right to discontinue or modify at any time such communication or security systems or procedures without liability to Customer, its employees or the Parkers.

6.3 Insurance.

Customer shall obtain and shall thereafter continually maintain broad form comprehensive general liability insurance with waiver of subrogation right against the other parties, and including, without limitation personal injury and broad form property damage coverage against claims for personal injury, including, but not limited to, bodily injury and death and property damage occurring on or about the Garage by reason of, caused by or resulting from any use of the rights granted herein, subject to a combined single limit of not less than $2,000,000.00 of personal injury or $500,000.00 of property damage as the result of any one occurrence. All such policies of insurance shall name Owner as an additional insured. Said limits may be increased by Owner every 5 years based upon the change in value of U.S. Dollars during said same 5-year period and in accordance with coverage amounts for similar properties. Customer shall supply Landlord and Owner evidence of the existence of such insurance coverage on or before the Effective Date and said policies shall not be cancellable without 30 days prior written notice to Landlord and Owner. Said insurance coverage shall be in addition to, and shall in no way be construed to be a limitation of, the indemnification set forth herein.

7. CONDEMNATION.

7.1 Full or Substantial Taking.

If all or substantially all of the Garage is taken for any public or quasi-public use under any applicable laws or by right of eminent domain, or is sold to the condemning authority in lieu of condemnation, then this Agreement will terminate

7.2 Partial Taking.

If only part of the Garage is thus taken or sold, and if after such partial taking, in Owner's sole judgment, alteration or reconstruction is not economically justified, and Owner therefore terminates the Master Parking Agreement, then Landlord may terminate this Agreement by giving written notice to Customer within 60 days after the taking. Termination by Landlord will be effective as of the date when physical possession of any portion of the Garage is taken by a condemning authority or conveyed to a condemning authority.

Election to Continue Agreement. If this Agreement is not terminated pursuant to the terms of Section 7.2(a) above upon a partial taking of a portion of the Garage, then Landlord cause Owner to, at Owner's sole expense, promptly restore and reconstruct the Garage to substantially its former condition. Customer shall be entitled to a proportional abatement of the Parking Fees for each day that any portion of the Garage is unavailable for use by any of the Parkers as a result of a partial taking, but Landlord shall cause Owner to use commercially reasonable efforts to make temporary replacement parking available to Parkers elsewhere in the Garage.

7.3 Award.

Owner shall be entitled to receive the entire compensation awarded upon the taking of any part or all of the Garage.

8. ADDITIONAL OBLIGATIONS.

8.1 Customer Obligations.

Customer will not do or permit, and will not allow Parkers to do anything which obstructs or interferes with other parkers' rights or with Owner providing services at the Garage, or which injures or disturbs other parkers. Customer shall not cause, maintain or permit, and will not allow Parkers to cause, maintain or permit, any unsafe situation or activity in or about the Garage that presents a danger of harm to other parkers or their vehicles. Customer will not cause any lien to be placed on the Garage or the land upon which the Garage is situated. Customer agrees to use and occupy and to instruct the Parkers to use and occupy the Garage only for the Use described in Section 1 and to use the Garage in a safe, careful and proper manner, in compliance with all laws. Neither Customer, nor its employees, nor Parkers shall use, store, dispose of or transport any substances, chemicals or materials declared to be, or regulated as, hazardous or toxic under any applicable laws within the Garage, and Customer shall indemnify the Indemnitees for any claims, costs or damages (including attorneys' fees) resulting from any such actions on the part of Customer or any Parker. Customer shall take reasonable steps and precautions to prevent the use of or access to the Garage by anyone other than an employee who is entitled to be a Parker and the other passengers in such employee's vehicle.

8.2 Parking Limited to Parking Zone.

Customer shall cause the Parkers to use only the Parking Zone, as the same may be revised from time to time. Landlord shall have the right to use such systems as are necessary to ensure that the Parkers park within the Parking Zone and not within other portions of the Garage. Notwithstanding the foregoing, in the event Parkers are unable to park in the Parking Zone because all of the parking spaces are occupied, Parkers shall be permitted to park in any other available parking space in the Garage which is not specifically identified as reserved for the sole use of a third party. If a Parker is found to be parking in an area of the Garage reserved for the sole use of a third party, Landlord or Owner may tow the Parker's vehicle, disarm said Parker's access device, and charge an additional fee as Landlord may establish from time to time.

9. ASSIGNMENT BY CUSTOMER

Except in conjunction with a permitted assignment under Section 28 of the Lease (and subject to the restrictions set forth in the Master Parking Agreement), Customer may not assign all or any of

its interest under this Agreement. Customer shall not permit any person that is not an employee or owner of Customer to park under this Agreement.

10. ESTOPPEL CERTIFICATES.

Customer agrees that at any time, and from time to time, Customer will execute, acknowledge and deliver to Landlord a certificate indicating any or all of the following: (a) the Commencement Date and the Expiration Date; (b) the number of Parkers then being paid for pursuant to this Agreement; (c) that this Agreement is unmodified and in full force and effect (or, if there have been modifications, that this Agreement is in full force and effect, as modified, and stating the date and nature of each modification); (d) the date, if any, through which Parking Fees have been paid; (e) that no default by Landlord, to the best of Customer's knowledge, or by Customer exists which has not been cured, except as to defaults stated in such certificate; and (I) such other matters as may be reasonably requested by Landlord. Any such certificate shall be signed by Customer and returned to Landlord within 10 days after a request therefor, and may be relied upon by Landlord and any prospective purchaser of or present or prospective holder of a mortgage.

11. TRANSFER OF LANDLORD'S INTEREST.

11.1 Sale, Conveyance and Assignment.

Nothing in this Agreement will restrict (i) Owner's right to sell, convey, assign, lien, mortgage, or otherwise deal with the Garage, the land on which the Garage is situated, or (ii) Landlord's interest under this Agreement.

11.2 Effect of Sale, Conveyance or Assignment.

An assignment or other transfer of this Agreement will, upon such transferee agreeing to abide by the terms of this Agreement applicable to Landlord, automatically release Landlord from liability under this Agreement from and after the effective date of the transfer, except for any liability relating to the period prior to such effective date; and Customer will look solely to Landlord's transferee for performance of Landlord's obligations relating to the period after such effective date. This Agreement will not be affected by any such sale, conveyance or assignment, and Customer will attorn to Landlord's transferee.

11.3 Subordination.

There is no Garage Mortgage currently encumbering the Garage. With respect to Garage Mortgages that may be granted or created after the Effective Date, Customer agrees this Agreement is subordinate in all respects thereto, provided the holder thereof agrees in writing that if Customer abides by this Agreement, it will not disturb Customer's rights under this Agreement. While such subordination will occur automatically, Customer agrees, upon request by and without cost to Landlord, Owner, or any successor in interest, to promptly execute and deliver to Landlord, Owner, or the holder of a Garage Mortgage such instrument(s) as may be reasonably required to evidence such subordination.

12. RULES AND REGULATIONS.

Customer may not make any alterations to the Garage or any other portion of the Garage without Landlord's and Owner's prior written consent. Further, Customer agrees that Customer and all Parkers shall faithfully observe and comply with the Rules and Regulations set forth below and with all reasonable modifications and additions to such Rules and Regulations from time to time adopted by Landlord and Owner and of which Customer is notified in writing. No such Rules and Regulations or modification or addition thereto will contradict or abrogate any right expressly granted to Customer under this Agreement. Landlord's and Owner's enforcement of the Rules and Regulations will be uniform and nondiscriminatory, but neither Landlord nor Owner will be responsible to Customer for failure of any other person to comply with the Rules and Regulations.

Rules and Regulations: A condition of any parking shall be compliance by Customer and all Parkers with Garage Rules and Regulations, including any sticker or other identification system established by Landlord and/or Owner. Garage managers or attendants are not authorized to make or allow any exceptions to these Rules and Regulations. The following Rules and Regulations are in effect until notice is given to Customer of any change. Customer shall be responsible for promptly informing its Parkers of any changes to the Rules and Regulations. Landlord and/or Owner may modify and/or adopt such other reasonable and generally applicable rules and regulations for the Garage as it deems necessary for the operation of the Garage, provided that any such modifications or additions shall not materially restrict Customer's rights under this Agreement.

(a) Cars must be parked entirely within the stall lines painted on the floor.

(b) If required by either Landlord or Owner, all Parkers shall display a sticker, hanger or other identification system evidence in each vehicle entering, exiting and parking in the Garage.

(c) All directional signs and arrows must be observed.

(d) The speed limit shall be five miles per hour.

(e) Parking is prohibited in areas not striped for parking, aisles, areas where "no parking" signs are posted, in cross hatched areas and in such other areas as may be designated by Owner or Owner's agent(s) including, but not limited to, areas designated as "**Visitor Parking**" or reserved spaces.

(f) Every Parker is required to park and lock their own car. All responsibility for damage to cars or persons, and loss of personal possessions is assumed by the Parker, whether by fire, theft, frozen or leaking pipes, falling building materials, vandalism, mysterious disappearance or otherwise, except to the extent caused by Owner or Owner's agents, employees, contractors, or subcontractors intentional misconduct.

(g) Spaces which are designated for small, intermediate or full-sized cars shall be so used. No intermediate or full-size cars shall be parked in parking spaces limited to compact cars.

(h) Parking access does not include storage, and storage of vehicles in the Garage by Parkers is prohibited.

(i) Vehicles in the Garage shall not be used to sleep overnight in or otherwise used to live in.

(j) At no time maintain within the Garage an article dangerous or detrimental to life or the health of other parkers; nor may there be stored, kept on handled any flammable material that may create a fire hazard;

(k) Abandoned vehicles are prohibited and no auto repairs shall take place in the Garage;

(l) In the event that a Parker's vehicle is parked in a space designated for another parker, it may be towed at the Parker's expense;

(m) Each Parker's vehicle shall be insured as required by the State of Ohio; and

(n) No smoking or use of electronic cigarette vaporizers or similar devices shall be permitted in any portion of the Garage.

(o) Provided Owner provides proper legal posting, firearms shall be prohibited except as carried by law enforcement personnel.

Failure to comply with the Rules and Regulations after reasonable notice and reasonable opportunity to cure may result in a revocation of the Parker's parking privileges, which revocation shall not affect Customer's obligation to pay Parking Fees hereunder.

13. CUSTOMER'S DEFAULT AND LANDLORD'S REMEDIES.

13.1 Default.

This Agreement and the Term and rights hereby granted are subject to the following limitations which will each constitute a material breach by Customer and a "**Default**" under this Agreement:

(a) Failure to Pay Parking Fees. Subject to the notice, grace and cure periods under Section 24(a) and (b) of the Lease (but in no event will such notice, grace and cure periods exceed those set forth in the Master Parking Agreement), Customer fails to pay Parking Fees or any other sum payable by Customer under the terms of this Agreement when due pursuant to the terms of this Agreement or the Lease.

(b) Failure to Perform Other Obligations. Customer breaches or fails to comply with any other provision of this Agreement applicable to Customer, and such breach or noncompliance continues for a period of 30 days after notice by Landlord to Customer; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period, Customer does not in good faith commence to cure such breach or noncompliance within such 30-day period or does not diligently complete such cure as soon as possible, but no later than 60 days after such notice from Landlord. However, if such breach or noncompliance causes or results in (i) a dangerous condition in the Garage, (ii) any insurance coverage carried by Landlord and/or Owner with respect to the Garage being jeopardized, or (iii) a material disturbance to another parker, then a Default will exist if such breach or noncompliance is not cured as soon as reasonably possible after written notice by Landlord to Customer, and in any event if such breach or noncompliance is not cured within 30 days after such written notice. For purposes of this Section 13.1(b), financial

inability will not be deemed a reasonable ground for failure to immediately cure any breach of, or failure to comply with, the provisions of this Agreement.

(c) Use and Transfer of Interest without Consent. Customer permits any person to use the Garage under this Agreement other than its Parker employees, provided the sole remedy for which would be Landlord's right to tow the violating vehicle and deactivate the access device used in such violation, without refunding to Customer the Parking Fee associated with such device for any prepaid periods. Customer agrees that if a Parker has their access device deactivated two times, Landlord shall have no obligation to reactivate any such device and Customer shall not provide such Parker with any other access device.

(d) Execution and Attachment against Customer. Customer's interest under this Agreement or in the Garage is taken upon execution or by other process of law directed against Customer, or is subject to any attachment by any creditor or claimant against Customer and such attachment is not discharged, bonded over or otherwise disposed of within 30 days after levy and notice to Customer.

(e) Bankruptcy or Related Proceedings. Customer files a petition in bankruptcy or insolvency, or reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily takes advantage of any such laws by answer or otherwise, or dissolves or makes an assignment for the benefit of creditors, or involuntary proceedings under any such laws or for the dissolution of Customer are instituted against Customer, or a receiver or trustee is appointed for the Garage or for all or substantially all of Customer's property, and such proceedings are not dismissed or such receivership or trusteeship vacated within 60 days after such institution or appointment.

13.2 Remedies.

Time is of the essence. If any Default occurs, Landlord shall have the right, at Landlord's election, then or at any later time, to exercise any one or more of the remedies described below. Exercise of any of such remedies will not prevent the concurrent or subsequent exercise of any other remedy provided for in this Agreement or otherwise available to Landlord at law or in equity.

(a) Exclusion from the Garage and Termination. After any failure by Customer to cure a Default, Landlord may exclude all Parkers from the Garage. All Parking Fees will continue to be due and payable during such period of exclusion. Parkers shall have no right to park in the Garage until the Default is cured and all fees for the period of exclusion and costs of Landlord in enforcing this Parking Agreement are paid to Landlord. If any period of exclusion extends for more than 60 days, Landlord may terminate this Agreement. Landlord may additionally, in its sole discretion, exclude a single parker, or group of parkers related to a default and doing so shall not prejudice its rights to exclude all parkers or to implement any other remedy hereunder

(b) Bankruptcy Relief. Nothing contained in this Agreement will limit or prejudice Landlord's right to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding, an amount equal to the maximum allowable by any laws governing such proceeding in effect at the time when such damages are to be proved, whether or not such amount be greater, equal or less than the amounts recoverable, either as damages or Parking Fees, under this Agreement.

(c) Parkers. Landlord may refuse to permit any person or Parker who violates the Rules and Regulations to park in the Garage, and any violation of the Rules and Regulations shall subject the car of such parker to removal at the car owner's expense. No such refusal or removal shall create any liability on Landlord or be deemed to interfere with Customer's right to use the Garage pursuant to terms of this Agreement.

14. NOTICES.

All notices required or permitted under this Agreement must be given in accordance with the Lease.

15. MISCELLANEOUS.

15.1 Binding Effect.

Each of the provisions of this Agreement shall bind or inure to the benefit of, as the case may be, Landlord and Customer, and their respective heirs, successors and assigns, provided this clause will not permit any transfer by Customer contrary to the provisions of Section 9 of this Agreement.

15.2 Complete Agreement; Modification.

All of the representations and obligations of the parties are contained in this Agreement and no modification, waiver or amendment of this Agreement or of any of its conditions or provisions will be binding upon a party unless in writing signed by such party.

15.3 Enforcement Expenses.

Each party agrees to pay, upon demand, all of the other party's costs, charges and expenses, including the fees and out-of-pocket expenses of counsel, agents and others retained, incurred in successfully enforcing the other party's obligations under this Agreement. All obligations under this Section 15.3 will survive the termination of this Agreement.

15.4 No Waiver.

No waiver of any provision of this Agreement will be implied by any failure of either party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently. No express waiver will affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

15.5 Captions.

The captions of sections or paragraphs contained in this Agreement are for convenience only and will not be deemed to limit, construe, affect or alter the meaning of such sections.

15.6 Severability.

If any provision of this Agreement is declared void or unenforceable by a final judicial or administrative order, this Agreement will continue in full force and effect, except that the void or

unenforceable provision will be deemed deleted and replaced with a provision as similar in terms to such void or unenforceable provision as may be possible and be valid and enforceable.

15.7 Authority to Bind.

The individuals signing this Agreement on behalf of Landlord and Customer represent and warrant that they are empowered and duly authorized to bind Landlord or Customer, as the case may be, to this Agreement according to its terms.

15.8 Only Landlord/Customer Relationship.

Landlord and Customer agree that neither any provision of this Agreement nor any act of the parties will be deemed to create any relationship between Landlord and Customer other than the relationship of Landlord and Customer, and no partnership nor joint venture between Landlord and Customer shall be deemed created by this Agreement.

15.9 Governing Law.

This Agreement will be governed by and construed according to the laws of the State of Ohio. Exclusive venue for any legal action under this Agreement shall be the appropriate state, federal or local court located in Columbus, Franklin County, Ohio.

15.10 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

15.11 Recording.

Landlord and Customer agree not to record this Agreement, but to the extent a memorandum of the Master Parking Agreement is of record, Landlord and Customer agree to execute and permit the recordation of a memorandum of this Agreement, omitting the amount of the Parking Fees, upon the request of the other party.

Intending to be bound by the terms and provisions of this Agreement, Landlord and Customer have signed it as of the Effective Date.

LANDLORD

TWO25 COMMONS LLC, an Ohio limited liability company

_____

Robert C. White, Co-President

CUSTOMER:

IBOD COMPANY, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

STATE OF OHIO,
COUNTY OF FRANKLIN, SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by Robert C. White, the Co-President of Two25 Commons LLC, an Ohio limited liability company, on behalf of said company.

_____

Notary Public

Commission Expiration: _____

STATE OF OHIO,
COUNTY OF FRANKLIN, SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____, the _____ of IBOD Company, Inc., a Delaware corporation, on behalf of said corporation.

_____

Notary Public

Commission Expiration: _____

EXHIBIT "A"
PARKER RELEASE AND TENANCY VERIFICATION

Parker's Information

Name: _____ Employer: _____

Home Telephone: _____ Work Telephone: _____

Parker's Vehicle Information

Make: _____ Model: _____

Year: _____ Color: _____

Plate Number: _____

Parker's Release and Terms of Use

The undersigned agrees to comply with all Rules and Regulations for the Parking Garage located at 55 E. Rich Street (the "Garage"), as amended from time to time by the Garage owner. The undersigned hereby acknowledges receipt of a copy of the current Rules and Regulations. The right to enter, exit and park at the Garage is at the Parker's sole risk and the Garage owner does not undertake to provide any security with respect to the Garage. No bailment is created and the Garage owner does not provide safekeeping, nor shall it be deemed an insurer. The Garage owner will not be responsible for fire, theft, damage, injury or loss at, in or about the Garage. The undersigned Parker agrees to indemnify and hold the Garage owner, its affiliated entities, and its and their partners, ventures, directors, officers, shareholders, agents, and employees, the Garage manager and the holder of any mortgage on the Garage (the "Indemnified Parties") harmless from and against any and all liability, loss, damages or claims caused by the undersigned Parker or person operating Parker's vehicle in the Garage. The undersigned hereby WAIVES AND RELEASES the Indemnified Parties from any loss, injury or damage suffered by the undersigned or his/her invitees relating to (a) loss or theft of, or damage to, property at the Garage; or (b) injury or damage to persons or property at the Garage, except to the extent caused by Owner or Owner's agents, employees, contractors, or subcontractors intentional misconduct.

Date: _____

Parker's Signature: _____

Verification of Tenancy

The undersigned, the duly authorized agent of _____ by his or her signature below, verifies that as of the date specified below, the above Parker is an employee or owner of a tenant in the office or retail space at 80 E. Rich Street known as: _____(company name).

Date: _____

By: _____

Name: _____

Its:

EXHIBIT D - BUILDING RULES AND REGULATIONS

Tenant agrees that it, its agents, employees, invitees and visitors will observe and comply with the following:

1. Landlord agrees to furnish Tenant with four suite keys. No additional locks or bolts of any kind will be placed on doors or windows by Tenant nor will any changes be made in existing locks or the mechanism thereof without Landlords prior permission. Tenant will, upon termination of its tenancy, return all keys to Landlord. If a lock is to be changed, Tenant shall contact Landlord and Landlord shall make such change at Tenant's expense. Notwithstanding the foregoing rule, Tenant intends to install electronic access and security devices for the Leased Premises (including key cards, key pads and other devices) and Tenant will provide Landlord with such key cards, codes, or other devices necessary to permit Landlord's access to the Leased Premises.

2. Tenant will refer all contractors, contractor's representatives and installation technicians rendering any service on or to the Leased Premises for Tenant, to Landlord for Landlord's approval before performance of any contractual service, not to be unreasonably withheld, conditioned, or delayed. This provision shall apply to all work performed in the Building including installation of telephone equipment, electrical devices, plumbing and attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings, and equipment in any physical portion of the Building.

3. No Tenant shall at any time occupy any part of the Building or the Leased Premises as a sleeping or lodging quarter.

4. Tenant shall not place or use in or about the Leased Premises any explosives, gasoline, kerosene, oil, acids, caustics, paints or any inflammable, explosive, or hazardous material without written consent of Landlord, provided, however, Tenant shall be permitted to use or store customary office supplies in the Leased Premises that are consistent with Tenant's Approved Use.

5. Tenant shall be responsible for all toxic, biomedical, bio-hazardous or infectious waste disposal, which disposal shall be in compliance with all applicable federal, state and local laws and regulations and hereby agrees to be responsible for all costs associated therewith and shall hold Landlord harmless from all liability relating to toxic, bio-medical, bio-hazardous or infectious waste and its disposal. Landlord and Landlord's employees, agents or contractors will not be responsible for handling such waste. Tenant shall maintain appropriate logs and records of the disposal of such wastes, copies of which will be made available to landlord at no charge upon written request.

6. Except for gross negligence or willful misconduct of Landlord, its contractors or agents, Landlord will not be responsible for damaged, lost or stolen personal property, automobiles, vehicles, equipment, money, jewelry or property of any kind from the Leased Premises, Building, parking lot, Tenant's area or public restrooms regardless of whether such loss occurs when area is locked against entry or not.

7. No animals (except service animals) or vehicles of any kind shall be brought into or kept in or about the Leased Premises.

8. Tenant shall not contract with Landlord's employees or render services of any kind other than rendering of health or insurance services to any individual, employee or insured dependent of any such employee.

9. None of the sidewalks, entries, passages, doors, elevators, hallways or stairways shall be blocked or obstructed, or any rubbish, litter, trash or material of any nature placed, emptied, or thrown into these areas, or such areas be used at any time except for access or egress by Tenant, Tenant's agents, employees, or invitees.

10. No person shall disturb the occupants of the Building by the use of any musical instruments or electronic music reproduction systems, intercoms or pagers which would compromise the quiet enjoyment of other tenants.

11. Nothing shall be thrown out of the windows of the Building or down the stairways or other passages.

12. Movement in or out of the Building or the Leased Premises of furniture or office supplies and equipment or dispatch or receipt by Tenant of any merchandise or materials, which requires use of elevators or stairways, or movement through the Building entrances or lobby, shall be restricted to hours mutually agreed by Landlord and Tenant. All such movement shall be under supervision of Landlord and carried out in the manner agreed to between Tenant and Landlord by prearrangement before performance. Such prearrangement will include determination by Landlord of time, method, and routing of movement and limitations imposed by safety or other concerns which may prohibit any article, equipment or any other item from being brought into the Building. Tenant assumes, and shall indemnify Landlord against, all risks and claims of damages to persons and properties arising in connection with any such movement.

13. The Landlord shall not be liable for any damages from the stoppage of elevators for necessary or desirable repairs or improvements, or delays of any sort or duration in connection with the elevator service.

14. No awnings or other projections shall be attached to the outside of the Building and no curtains, blinds, shades, or screens, other than those specified by Landlord, will be used in connection with any window of the Leased Premises without the written consent of Landlord.

15. Without the written consent of Landlord no space in the Building will be used for manufacturing, for the storage of merchandise or for the sale from the Leased Premises of merchandise, goods, or property of any kind.

16. Canvassing, soliciting and peddling in the Building are prohibited and the Tenant shall cooperate to prevent the same.

17. No smoking is permitted in the public areas of the Building: lobby, elevators, hallways, stairwells and restrooms.

EXHIBIT E — PROHIBITED USES

In addition to and not in limitation of any of the provisions of the lease respecting prohibited uses of the Leased Premises and Tenant's covenant not to use the Leased Premises for any purpose other than the Approved Use, Tenant shall not use the Leased Premises, the Building, and/or the Real Property for the purposes listed below. In no event shall this Exhibit E be deemed for Tenant's benefit, to place any restriction on any portion of the Real Property other than the Leased Premises, and in no event will the inclusion of any restriction on this list that might have been required by the lease of another tenant be deemed to create or confer upon any party a so-called "third party beneficiary" status. Landlord and Tenant expressly acknowledge and agree that the intent of the parties is that no restriction on Tenant's use anywhere in this lease, including Exhibits D and E will create or confer upon any party a so-called "third party beneficiary" status.

The following uses shall not be permitted on the Real Property:

A. An operation primarily used as a storage warehouse operation (excluding any storage incidental to the operation of the permitted uses hereunder) and any assembling, manufacturing, distilling, refining, smelting, agricultural or mining operation.

B. Any mobile home park, trailer court, labor camp, junkyard, or stockyard; provided, however, this prohibition shall not be applicable to the temporary use of construction trailers during periods of construction.

C. Any dumping or incineration of garbage.

D. Any gas/service station and/or other facility that stores or dispenses gasoline, diesel or other fuel products.

E. Any automobile, truck, trailer or recreational vehicle sales, leasing, display or body shop repair operation.

F. Any veterinary hospital or animal raising or boarding facility; provided, however, this prohibition shall not be applicable to pet shops.

G. Any adult or "x" rated video store, adult bookstore, any facility selling or displaying pornographic materials or movies, or other pornographic business, or for the sale of paraphernalia primarily for use with illegal drugs.

H. Any massage parlor or similar establishment, provided, however, that this restriction shall not prohibit the operation of a massage therapy establishment.

I. Any gambling facility or operation, including but not limited to: off-track or sports betting parlor; table games such as blackjack or poker; slot machines, video poker/blackjack/keno machines or similar devices; or bingo hall. Notwithstanding the foregoing, this prohibition shall not be applicable to government sponsored gambling activities or charitable gambling activities, so long as such activities are incidental to the business operation being conducted by the occupant.

J. No tenancy agreement will be entered into for a period of less than 60 days.

K. Any outdoor signage or advertising on the west side of the Real Property facing Columbus Commons Park will be limited in number, size and nature and must be approved by CSCURC prior to installation, such approval shall not be unreasonably delayed conditioned or withheld, provided that CSCURC's approval shall not be required for signs that advertise businesses leasing retail or office space in Building or signs that advertise residential or retail leasing opportunities in the Building.

EXHIBIT F - INDEX OF PLANS AND SPECIFICATIONS FOR BUILDING CORE AND SHELL

FIRST AMENDMENT TO OFFICE LEASE AGREEMENT

This First Amendment to Office Lease Agreement ("Amendment") is made effective as of November 15, 2018 (the "Effective Date"), by and between **TWO25 COMMONS LLC**, an Ohio limited liability company ("Landlord"), and **ROOT, INC.**, a Delaware corporation, as successor by name change to **IBOD COMPANY, INC.**, a Delaware corporation ("Tenant").

RECITALS

A. Landlord and Tenant entered into that certain Office Lease Agreement dated May 18, 2018 ("Lease"), for the lease by Landlord to Tenant of 65,834 leasable square feet on the fourth and fifth floor ("Leased Premises") of a twelve-story mixed use building ("Building") constructed upon the real property commonly known as 225 Third Street or 80 E. Rich Street, Columbus, Ohio 43215.

B. Landlord and Tenant desire to amend the Lease to (i) specify the Commencement Date of the Lease, (ii) accelerate the Base Rent payment schedule for the Fourth Floor Premises, and (iii) revise the definition of Tenant's Pro Rata Share of Operating Costs, all on the terms more specifically set forth hereinbelow.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations set forth in this Amendment and in the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant do hereby agree as follows:

1. **Commencement Date**. As required by Section 2(a) of the Lease, Landlord and Tenant hereby confirm that the Commencement Date of the Lease is November 15, 2018, and the expiration of the initial Term of the Lease is November 30, 2024.

2. **Fourth Floor Premises Base Rent**. The third paragraph of Section 3 of the Lease is hereby deleted in its entirety and the following is inserted in lieu thereof:

"Commencing April 1, 2019, Tenant shall pay Base Rent at the then applicable rate upon 16,458 leasable square feet of the Fourth Floor Premises, such that the total leasable square footage upon which Tenant is paying Base Rent shall be 49,376sf. Further, commencing October 1, 2019, Tenant shall pay Base Rent at the then applicable rate upon the final 16,458 leasable square feet of the Fourth Floor Premises, such that from and after October 1, 2019, for the remainder of the Term, Tenant will pay Base Rent upon the entire 65,834sf Leased Premises."

3. **Tenant's Pro Rata Share of Operating Costs**. Section 4(a)(i) of the Lease is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(i) "Tenant's Pro Rata Share of Operating Costs" shall be a percentage determined by dividing the leasable square footage of the applicable portion of the Leased Premises (as described below) by the total leasable square footage of the Office Condominium portion of the Building, which percentage Landlord and Tenant agree to be: (1) 19.48% (i.e. 32,917sf ÷ 168,957sf) from and after the Commencement Date until November 30, 2018; (2) 29.22% (i.e. 49,376sf ÷ 168,957sf) from and after December 1, 2018 until May 31, 2019; and (3) 38.96% (i.e. 65,834sf ÷ 168,957sf) from and after June 1, 2019 until the expiration or earlier termination of the Term. Notwithstanding the foregoing, if at any time prior to the dates set forth in items (1)-(2) of this subsection (i), Tenant occupies all or any portion of the Fourth Floor Premises, Tenant shall provide Landlord advance written notice thereof and the leasable

square footage of that portion of the Fourth Floor Premises being occupied by Tenant shall be included in the Leased Premises for purposes of calculating Tenant's Pro Rata Share of Operating Costs."

4. **Defined Terms**. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed them in the Lease.

5. **Governing Law**. This Amendment shall be construed and enforced in accordance with, and governed by, the laws of the State of Ohio.

6. **Binding Effect**. This Amendment shall constitute the entire agreement and understanding of the parties with respect to the subject matter herein, shall be binding upon the parties hereto and their respective successors and assigns and, except as otherwise set forth herein, shall inure to the benefit of only the parties hereto.

7. **Counterparts**. This Amendment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall equal one Amendment.

8. **Continuing Effect**. Except as modified and amended herein, all other terms and conditions of the Lease shall remain in full force and effect, and fully binding upon the parties.

9. **Incorporation of Recitals**. The Recitals portion of this Amendment is hereby incorporated by this reference to the same extent and as fully as though it were here rewritten in its entirety.

[Signatures and acknowledgements on the following page.]

[Signature Page to First Amendment to Office Lease Agreement]

LANDLORD:

TWO25 COMMONS LLC

By/s/ Robert C. White
Robert C. White
President

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on December 12, 2018, by Robert C. White, the President of TWO25 Commons LLC, an Ohio limited liability company, on behalf of the Company.

/s/ Jessica Corris
Notary Public

TENANT

ROOT, INC.

By /s/ *Alexander E. Timm*
Name: Alexander Timm
Title: CEO

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on December 11, 2018, by Alexander Timm, the CEO of ROOT, INC, a Delaware corporation, on behalf of the Tenant.

/s/ Nicole R Bailey
Notary Public

SECOND AMENDMENT TO OFFICE LEASE AGREEMENT

This Second Amendment to Office Lease Agreement ("Amendment") is made effective as of February 28, 2019 (the "Effective Date"), by and between **TWO25 COMMONS LLC**, an Ohio limited liability company ("Landlord"), and **ROOT, INC.**, a Delaware corporation, as successor by name change to **IBOD COMPANY, INC.**, a Delaware corporation ("Tenant").

RECITALS

A. Landlord and Tenant entered into that certain Office Lease Agreement dated May 18, 2018 ("Original Lease"), as amended by that certain First Amendment to Office Lease Agreement dated as of November 15, 2018 ("First Amendment", the Original Lease and the First Amendment are hereinafter collectively the "Lease"), for the lease by Landlord to Tenant of 65,834 leasable square feet on the fourth and fifth floor ("Initial Leased Premises") of a twelve-story mixed use building ("Building") constructed upon the real property commonly known as 225 Third Street or 80 E. Rich Street, Columbus, Ohio 43215.

B. In accordance with §49 of the Lease, Landlord provided Tenant a right of first refusal notice letter dated December 3, 2018 ("Sixth Floor ROFR Notice"), regarding the lease of 10,311 leasable square feet located upon the sixth floor of the Building, as depicted on the attached Exhibit A ("Sixth Floor Leased Premises"), and by letter dated December 11, 2018, Tenant exercised its right of first refusal to lease the Sixth Floor Leased Premises upon the terms set forth in the Sixth Floor ROFR Notice.

C. Pursuant to §50 of the Lease, Tenant delivered to Landlord that certain Notice of Intention dated December 11, 2018, whereby Tenant exercised its option to lease the entire 32,917 leasable square feet located upon the third floor of the Building, as depicted on the attached Exhibit B ("Third Floor Leased Premises", collectively the Initial Leased Premises, Sixth Floor Leased Premises, and Third Floor Leased Premises shall be referred to as the "Leased Premises") upon the terms set forth in §50 of the Lease, including, but not limited to, the method of calculation for the Additional Space Allowance (as defined therein), the final calculation for which shall be set forth in an amendment to the Lease, to be executed following the Third Floor Commencement Date (defined below).

D. Landlord and Tenant desire to amend the Lease to (i) set forth the initial Term, Base Rent, and Tenant Improvement Allowance for the Sixth Floor Leased Premises, (ii) revise the definition of Tenant's Pro Rata Share of Operating Costs to include the Sixth Floor Leased Premises and the Third Floor Leased Premises, (iii) confirming that the Term of the Lease for the Third Floor Leased Premises shall be co-terminus with the Term for the Initial Leased Premises, and (iv) otherwise update the Lease upon the terms more specifically set forth hereinbelow.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations set forth in this Amendment and in the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant do hereby agree as follows:

1. Sixth Floor Leased Premises Term.

(a) Term. Notwithstanding anything set forth to the contrary in §2(a) of the Lease, the Term of the Lease for the Sixth Floor Leased Premises shall be for a period of 87 months, as the same may be extended as set forth in subsection (b), below ("Sixth Floor Term"), commencing on June 1, 2019 ("Sixth Floor Commencement Date"), and expiring on August 31, 2026 ("Sixth Floor Expiration Date"). Landlord and Tenant hereby acknowledge and agree that the Sixth Floor Term is not co-terminus with the Term for the Initial Leased Premises and the Third

Floor Leased Premises. Upon the expiration or earlier termination of the Term for the Sixth Floor Leased Premises or the Term for the Initial Leased Premises and the Third Floor Leased Premises, the Lease shall continue in full force and effect as to that portion of the Leased Premises for which the Term is unexpired and unterminated, and the definition of "Leased Premises" as set forth in the Lease shall be automatically adjusted without further amendment to cause that portion of the Leased Premises for which the Term has expired or been terminated to be removed therefrom.

(b) Renewal Term. Tenant shall have the right and option to extend the Sixth Floor Term for two five-year renewal terms (each, a "Renewal Term"). Each Renewal Term shall be exercisable by delivery by Tenant to Landlord of a notice not later than 270 days prior to the Sixth Floor Expiration Date, or the then current Renewal Term, as applicable, which states that Tenant thereby exercises its right and option to extend the Term for the Sixth Floor Leased Premises for a Renewal Term. All terms and conditions of the Lease shall be applicable during each Renewal Term, except that the Base Rent for that Renewal Term shall be at market rents (as defined and determined in accordance with §2(b) of the Lease).

(c) Early Access. At no cost to Tenant, Landlord shall provide Tenant, its representatives, and vendors access to the Sixth Floor Leased Premises no later than May 1, 2019 ("Early Access Period") in order to enable Tenant to install Tenant's furniture, equipment, wiring and cabling (collectively, the "Tenant Work"); provided that such access shall not hinder Landlord's work relating to the completion of the Sixth Floor Tenant Improvements (as defined below) or affect the operations of any other occupants in the Building and provided further that such installation shall be completed at Tenant's sole risk and expense. Such early access by Tenant shall be on the terms and subject to the conditions imposed upon Tenant under the Lease (e.g. insurance, indemnification, etc.) other than Tenant's obligation to pay Base Rent and Additional Rent."

2. **Base Rent.** §3 of the Lease is hereby amended by adding the following thereto:

"Notwithstanding anything set forth in this §3 to the contrary, and in addition to the Base Rent to be paid by Tenant to Landlord for the Initial Leased Premises and the Third Floor Leased Premises, during the Sixth Floor Term, Tenant shall pay to Landlord Base Rent for the Sixth Floor Leased Premises in the following amounts:

	Annual Base Rent/Square Foot *	**Monthly Base Rent**
June 1, 2019 — July 31, 2019	$0.00sf	$0.00
August 1, 2019 — May 31, 2020	$205,704.48/$19.95sf	$17,142.04

[*Calculated on a per annum basis.]

Thereafter, Base Rent for the Sixth Floor Leased Premises shall increase each year during the Sixth Floor Term on the anniversary of the Sixth Floor Commencement Date by an amount equal to 2.0%, per annum, on a year over year basis over the most recently expiring lease year.

As set forth in §50 of the Lease, Base Rent and Additional Rent for the Third Floor Leased Premises will commence upon the Additional Space Commencement Date for the Third Floor Leased Premises, as such date is to be determined in accordance with §2(a) of the Original Lease ("Third Floor Commencement Date"), and shall be at the same then current Base Rent rate as applicable to the Initial Leased Premises on the Third Floor Commencement Date, with the same annual increases as set forth in §3 of the Lease."

3. **Tenant's Pro Rata Share of Operating Costs.** Section 4(a)(i) of the Original Lease, as amended by paragraph 3 of the First Amendment, is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(i) "Tenant's Pro Rata Share of Operating Costs" shall be a percentage determined by dividing the leasable square footage of the applicable portion of the Leased Premises (described below in items (1)-(5)) by the total leasable square footage of the Office Condominium portion of the Building (168,957sf), which percentage Landlord and Tenant agree to be: (1) 19.48% (i.e. 32,917sf ÷ 168,957sf) from and after the Commencement Date until November 30, 2018; (2) 29.22% (i.e. 49,376sf ÷ 168,957sf) from and after December 1, 2018 until May 31, 2019; (3) 45.07% (i.e. 76,145sf ÷ 168,957sf) from and after June 1, 2019 until the day immediately preceding the Third Floor Commencement Date; and (4) 64.55% (i.e. 109,062 ÷ 168,957sf) from and after the Third Floor Commencement Date until expiration or earlier termination of the Term for the Initial Leased Premises and the Third Floor Leased Premises and/or the Sixth Floor Leased Premises. Upon the expiration or earlier termination of the Term for the Initial Leased Premises and the Third Floor Leased Premises and/or the Sixth Floor Leased Premises, the calculation of Tenant's Pro Rata Share of Operating Costs shall be adjusted to reflect the leasable square footage of the Leased Premises for which the Term has not expired or been terminated. Notwithstanding the foregoing, if at any time prior to the dates set forth in items (1)-(2) of this subsection (i), Tenant occupies all or any portion of the Fourth Floor Premises, Tenant shall provide Landlord advance written notice thereof and the leasable square footage of that portion of the Fourth Floor Premises being occupied by Tenant shall be included in the Leased Premises for purposes of calculating Tenant's Pro Rata Share of Operating Costs."

4. **Sixth Floor Tenant Improvement Allowance.** The first paragraph of §10(a) of the Lease is hereby deleted in its entirety and the following is inserted in lieu thereof:

"(a) Construction of the Building and the Tenant Improvements. If construction of the Building has yet to be completed, Landlord shall cause The Daimler Group, Inc. (an affiliate of Landlord and hereinafter referred to as "Daimler") at Landlord's cost and expense to (a) construct and improve the Building shell and core in accordance with then applicable zoning and building laws and in substantial accordance with the plans and specifications referenced in Exhibit F, as the same may be updated from time to time (b) complete all corridors, common areas, restrooms, and other interior common areas in the Office Condominium available for the use of all tenants and their invitees in substantial accordance with the plans and specifications referenced in Exhibit F, as the same may be updated from time to time, and (c) complete all improvements to the Leased Premises, and subject to the Allowance for Tenant Improvements in the Sixth Floor Leased Premises, all improvements to the Sixth Floor Leased Premises (collectively, the "Tenant Improvements") in accordance with the Final Plans (defined below). Unless otherwise specified in the Plans, the Tenant Improvements shall conform to Building-standard specifications with respect to, among other things, materials, colors and finishes, and Landlord and Tenant shall work together to cause the cost of the Tenant Improvements to be not more than $40.00 per leasable square foot in the Leased Premises.

Base Rent for the Sixth Floor Leased Premises contemplates an allowance for Tenant Improvements in the Sixth Floor Leased Premises of $40.00 per leasable square foot of the Sixth Floor Leased Premises (the "Allowance"). In the event the actual costs of completing the Tenant Improvements for the Sixth Floor Leased Premises in accordance with the Plans is less than the Allowance, Landlord will, at Tenant's option, credit Tenant the difference in Base Rent or pay Tenant such difference in one lump sum. In the event the actual costs of completing the Tenant Improvements for the Sixth Floor Leased Premises exceeds the Allowance, then Tenant shall pay to Landlord (i) 33% of the projected amount of such excess

within thirty (30) days after Landlord's request therefore, but in no event earlier than the commencement of the construction of the Tenant Improvements for the Sixth Floor Leased Premises, (ii) another 33% of the projected amount of such excess within thirty (30) days after Landlord's request therefore, but in no event earlier than completion of approximately one-half of the Tenant Improvements for the Sixth Floor Leased Premises, and (iii) the balance of such excess costs to be paid within thirty (30) days after Landlord's request therefore, but in no event earlier than the Sixth Floor Commencement Date."

5. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed them in the Lease.

6. **Governing Law.** This Amendment shall be construed and enforced in accordance with, and governed by, the laws of the State of Ohio.

7. **Binding Effect.** This Amendment shall constitute the entire agreement and understanding of the parties with respect to the subject matter herein, shall be binding upon the parties hereto and their respective successors and assigns and, except as otherwise set forth herein, shall inure to the benefit of only the parties hereto.

8. **Counterparts.** This Amendment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall equal one Amendment.

9. **Continuing Effect.** Except as modified and amended herein, all other terms and conditions of the Lease shall remain in full force and effect, and fully binding upon the parties. Except as specifically set forth in this Amendment, from and after (i) the Sixth Floor Commencement Date as to the Sixth Floor Leased Premises and (ii) the Third Floor Commencement Date as to the Third Floor Leased Premises, the term "Leased Premises" shall mean and include the Sixth Floor Leased Premises and the Third Floor Leased Premises (as applicable) and the terms of the Lease shall govern the lease by the Landlord to Tenant of the Sixth Floor Leased Premises and the Third Floor Leased Premises. In the event of any conflict between the terms, covenants and conditions contained in this Amendment and the terms, covenants and conditions contained in the Lease, the terms, covenants and conditions contained in this Amendment shall control.

10. **Incorporation of Recitals.** The Recitals portion of this Amendment is hereby incorporated by this reference to the same extent and as fully as though it were here rewritten in its entirety.

[Signatures and acknowledgements on the following page.]

[Signature Page to Second Amendment to Office Lease Agreement]

LANDLORD:

TWO25 COMMONS LLC

By/s/ Robert C. White
Robert C. White
President

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on March 7, 2019, by Robert C. White, the President of TWO25 Commons LLC, an Ohio limited liability company, on behalf of the Company.

/s/ Jessica Corris
Notary Public

TENANT

ROOT, INC.

By /s/ *Alexander E. Timm*
Name: Alexander Timm
Title: CEO

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on February 28, 2019, by Alexander Timm, the CEO of ROOT, INC, a Delaware corporation, on behalf of the Tenant.

/s/ Nicole R Bailey
Notary Public

EXHIBIT A

Sixth Floor Leased Premises

EXHIBIT B

Third Floor Leased Premises

THIRD AMENDMENT TO OFFICE LEASE AGREEMENT

This Third Amendment to Office Lease Agreement ("Amendment") is made effective as of October 7, 2019 (the "Effective Date"), by and between **TWO25 COMMONS LLC**, an Ohio limited liability company ("Landlord"), and **ROOT, INC.**, a Delaware corporation, as successor by name change to **IBOD COMPANY, INC.**, a Delaware corporation ("Tenant").

RECITALS

A. Landlord and Tenant entered into that certain Office Lease Agreement dated May 18, 2018 ("Original Lease"), as amended by that certain First Amendment to Office Lease Agreement dated as of November 15, 2018 ("First Amendment"), and as further amended by that certain Second Amendment to Office Lease Agreement dated February 28, 2019 ("Second Amendment", the Original Lease, First Amendment, and Second Amendment are hereinafter collectively the "Lease"), for the lease by Landlord to Tenant of 109,062 leasable square feet on the third, fourth, fifth and sixth floors of a twelve-story mixed use building constructed upon the real property commonly known as 225 Third Street or 80 E. Rich Street, Columbus, Ohio 43215.

B. As more specifically described in the Second Amendment, Tenant exercised its option to lease the entire 32,917 leasable square feet located upon the third floor of the Building ("Third Floor Leased Premises") upon the terms set forth in §50 of the Original Lease. As of the Effective Date, the Third Floor Leased Premises Tenant Improvements have been Substantially Completed and the Third Floor Leased Premises has been delivered to Tenant for occupancy.

C. Landlord and Tenant desire to amend the Lease to (i) establish the Additional Space Commencement Date for the Third Floor Leased Premises, (ii) calculate the Base Rent for the Initial Leased Premises (as defined in the Second Amendment) and the Third Floor Leased Premises due during the initial Term from and after the Additional Space Commencement Date, (iii) calculate the Additional Space Allowance for the Third Floor Leased Premises, and (iv) otherwise update the Lease upon the terms more specifically set forth here inbelow.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations set forth in this Amendment and in the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant do hereby agree as follows:

1. **Additional Space Commencement Date.** Pursuant to Sections 2(a) and 50(c) of the Original Lease, Landlord and Tenant hereby confirm that the Tenant Improvements for the Third Floor Leased Premises have been Substantially Completed and the Third Floor Leased Premises has been delivered to the Tenant for occupancy, and therefore the Additional Space Commencement Date for the Third Floor Leased Premises is October 7, 2019, and the expiration of the initial Term of the Lease for the Third Floor Leased Premises is November 30, 2024.

2. **Base Rent.** §3 of the Original Lease, as amended by Paragraph 2 of the First Amendment and Paragraph 2 of the Second Amendment is hereby further amended as follows:

"From and after the Additional Space Commencement Date for the Third Floor Leased Premises and thereafter during the Term, Tenant shall pay to Landlord Base Rent for the Initial Leased Premises (as defined in the Second Amendment) and the Third Floor Leased Premises in the following amounts:

	Annual Base Rent/Square Foot *	Monthly Base Rent
October 7, 2019 - October 31, 2019	$1,826,893.50/$18.50sf	$122,775.10
November 1, 2019 — November 30, 2019	$1,826,893 .50/$18.50sf	$152,241.13
December 1, 2019-November 30, 2020	$1,868,368.92/$18.92sf	$155,697.41
December 1, 2020-November 30, 2021	$1,909,844.34/$19.34sf	$159,153.70
December 1, 2021-November 30, 2022	$1,953,294.78/$19.78sf	$162,774.57
December 1, 2022-November 30, 2023	$1,996,745.22/$20.22sf	$166,395.44
December 1, 2023-November 30, 2024	$2,042,170.68/$20.68sf	$170,180.89

[*Calculated on a per annum basis.]"

3. **Tenant Improvement Allowance.** Landlord and Tenant hereby acknowledge and agree that the Additional Space Allowance for the Third Floor Leased Premises is $1,133,661.48 ($34.44/s0.

4. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed them in the Lease.

5. **Governing Law.** This Amendment shall be construed and enforced in accordance with, and governed by, the laws of the State of Ohio.

6. **Binding Effect.** This Amendment shall constitute the entire agreement and understanding of the parties with respect to the subject matter herein, shall be binding upon the parties hereto and their respective successors and assigns and, except as otherwise set forth herein, shall inure to the benefit of only the parties hereto.

7. **Counterparts.** This Amendment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall equal one Amendment.

8. **Continuing Effect.** Except as modified and amended herein, all other terms and conditions of the Lease shall remain in full force and effect, and fully binding upon the parties. In the event of any conflict between the terms, covenants and conditions contained in this Amendment and the terms, covenants and conditions contained in the Lease, the terms, covenants and conditions contained in this Amendment shall control.

9. **Incorporation of Recitals.** The Recitals portion of this Amendment is hereby incorporated by this reference to the same extent and as fully as though it were here rewritten in its entirety.

[Signatures and acknowledgements on the following page.]

[Signature Page to Third Amendment to Office Lease Agreement]

LANDLORD:

TWO25 COMMONS LLC

By/s/ Robert C. White
Robert C. White
President

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on October 7, 2019, by Robert C. White, the President of TWO25 Commons LLC, an Ohio limited liability company, on behalf of the Company.

/s/ Jessica Corris
Notary Public

TENANT

ROOT, INC.

By /s/ *Alexander E. Timm*
Name: Alexander Timm
Title: CEO

STATE OF OHIO)
) ss
FRANKLIN COUNTY)

This document was acknowledged before me on October 4th, 2019, by Alex Timm, the CEO of ROOT, INC, a Delaware corporation, on behalf of the Tenant.

/s/ Nicole R Bailey
Notary Public

Exhibit 10.7

Execution Version

AMENDED AND RESTATED TERM LOAN AGREEMENT

dated as of November 25, 2019

by and among

ROOT, INC.
as Borrower

ROOT STOCKHOLDINGS, INC.
as Holdings

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

SUNTRUST BANK
as Administrative Agent

and

THE HUNTINGTON NATIONAL BANK
as Documentation Agent

SUNTRUST ROBINSON HUMPHREY, INC.
as Sole Lead Arranger and Sole Book Runner

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AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS AMENDED AND RESTATED TERM LOAN AGREEMENT (this "Agreement") is made and entered into as of November 25, 2019, by and among **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT, INC.**, a Delaware corporation (the "Borrower"), the several banks and other financial institutions and lenders from time to time party hereto (the "Lenders"), and **SUNTRUST BANK**, in its capacity as Administrative Agent for the Lenders.

W I T N E S S E T H:

WHEREAS, Holdings, the Borrower and the Administrative Agent are parties to that certain Term Loan Agreement, dated as of April 17, 2019 (as amended, waived or otherwise modified and in effect immediately prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend and restate the Existing Credit Agreement on the terms and conditions set forth herein; and

WHEREAS, subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders are willing to so amend and restate the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1 **Definitions**. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted LIBO Rate" shall mean, with respect to each Interest Period for a Eurodollar Loan, (i) the rate *per annum* equal to the London interbank offered rate for deposits in Dollars appearing on Reuters screen page LIBOR 01 (or on any successor or substitute page of such service or any successor to such service, or if such service is not available, such other commercially available source providing rate quotations comparable to those currently provided on such page as may be reasonably designated by the Administrative Agent from time to time) (in each case, the "Screen Rate") at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period, divided by (ii) 1.00 minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) expressed as a decimal (rounded upward to the next 1/100th of 1%) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate *per annum*, as reasonably determined by the Administrative Agent, to be the arithmetic average of the rates *per annum* at which deposits in Dollars in an amount equal to the amount of such Eurodollar Loan are offered by major banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time), two (2) Business Days prior to the first day of such Interest Period. For purposes of this Agreement, the Adjusted LIBO Rate will not be less than zero percent (0%).

"Administrative Agent" shall mean SunTrust Bank, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent (as may be determined in accordance with Section 9.7).

"Administrative Questionnaire" shall mean, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"Affiliate" shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the specified Person. For the purposes of this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Agency Agreement" shall mean that certain Authorized Producer Agreement, dated as of October 1, 2018, by and between RIC and RIA, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time to the extent permitted hereby.

"Agent Fee Letter" shall mean that certain fee letter, dated October 15, 2019, executed by SunTrust Robinson Humphrey, Inc. and SunTrust Bank and accepted by the Borrower.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph hereto.

"Anti-Corruption Laws" shall mean all laws, rules and regulations of any jurisdiction applicable to Holdings, the Borrower or their Subsidiaries concerning or relating to bribery or corruption.

"Applicable Lending Office" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or such Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Term Loans of such Type are to be made and maintained.

"Applicable Margin" shall mean (i) 3.00% *per annum* with respect to Base Rate Loans and (ii) 4.00% *per annum* with respect to Eurodollar Loans.

"Approved Fund" shall mean any Person (other than a natural Person (or any holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person)) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" shall mean SunTrust Robinson Humphrey, Inc., in its capacity as sole lead arranger and bookrunner.

"Assignee Lenders" shall mean each of SunTrust Bank and The Huntington National Bank.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section

10.4(b)) and accepted by the Administrative Agent, in substantially the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

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

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

"Bank Product Amount" shall have the meaning set forth in the definition of "Bank Product Provider."

"Bank Product Obligations" shall mean, collectively, all obligations and other liabilities of any Loan Party to any Bank Product Provider arising with respect to any Bank Products.

"Bank Product Provider" shall mean any Person that, at the time it initially provides any Bank Product to any Loan Party (or if entered into prior to the Original Closing Date and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Bank Product Provider is SunTrust Bank and its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Bank Product, (y) the maximum dollar amount of obligations arising thereunder (the "Bank Product Amount") and (z) the methodology to be used by such parties in determining the obligations under such Bank Product from time to time. In no event shall any Bank Product Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Bank Products except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Bank Product Provider and in no event shall the approval of any such Person in its capacity as Bank Product Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document. The Bank Product Amount may be changed from time to time upon written notice to the Administrative Agent by the applicable Bank Product Provider. No Bank Product Amount may be established at any time that a Default or Event of Default exists.

"Bank Products" shall mean any of the following services provided to any Loan Party by any Bank Product Provider: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) letter of credit services, card services, including credit cards (including purchasing cards and commercial cards), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services. Notwithstanding anything to the contrary contained in this Agreement, each of the Escrow Agreements and the Escrow Accounts shall be deemed not to be a Bank Product.

"Base Rate" shall mean for any day a rate per annum equal to the highest of (i) the rate of interest which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time (the "Prime Rate"), (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50%, (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one (1) month, plus 1.00% (any changes in such rates to be effective as of the date of any change in such rate), and (iv) zero percent (0.00%). The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make

commercial loans or other loans at rates of interest at, above, or below the Administrative Agent's prime lending rate. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate will be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate.

"Base Rate Loans" shall mean Term Loans for which the rate of interest is based upon the Base Rate.

"Beneficial Ownership Certification" shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" shall mean 31 C.F.R. § 1010.230.

"Borrower" shall have the meaning set forth in the introductory paragraph hereof.

"Borrowing" shall mean the Term Loans made on the Original Closing Date.

"Business Day" shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia or New York, New York are authorized or required by law to close and (ii) if such day relates to a payment or prepayment of principal or interest on, a continuation or conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any such day that is also a day on which dealings in Dollar deposits are not conducted by and between banks in the London interbank market.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP as in effect on December 31, 2017, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP as in effect on December 31, 2017.

"Capital Stock" shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Exchange Act).

"Ceded Earned Premium" shall mean all revenue recognized during the period of measurement for written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Ceded Written Premium" shall mean all premium covering written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Change in Control" shall mean the occurrence of one or more of the following events:

(i) at any time prior to the consummation of a Qualified IPO, the Permitted Holders shall cease to collectively own and control, on a fully diluted basis, Capital Stock of Holdings representing more than 50% (a) of the economic interests in Holdings or (b) the voting power of Holdings entitled to vote in the election of members of the board of directors (or equivalent governing body) of Holdings; or

(ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (in each case, within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) other than the Permitted Holders or a trustee or other fiduciary holding securities under an employee benefit plan of Borrower (a) shall have acquired, directly or indirectly, beneficial ownership of 35.0% or more of the outstanding shares of the voting interests in the Capital Stock of Holdings or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or equivalent governing body) of Holdings; or

(iii) at any time after the consummation of a Qualified IPO, during any period of 24 consecutive months, a majority of the members of the board of directors (or other equivalent governing body) of Holdings cease to be composed of individuals who are Continuing Directors; or

(iv) (a) Holdings shall cease to directly own and control 100% of the Capital Stock of the Borrower; or (b) the Borrower shall cease to own and control, directly or indirectly, 100% of the Capital Stock of each of its Subsidiaries (other than (x) pursuant to a transaction permitted by Sections 7.3(a) and (y) Subsidiaries the Capital Stock of which the Borrower does not directly or indirectly own 100% of at the time of the initial formation or acquisition of such Subsidiaries to the extent such initial formation or acquisition was permitted by Sections 7.4(m) and 7.4(o); provided that this parenthetical shall not apply with respect to any U.S. Insurance Subsidiary); or

(v) (a) at any time prior to the consummation of a Qualified IPO, Alex Timm shall own and control less than 8.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings, and (b) at any time after the consummation of a Qualified IPO, Alex Timm shall own and control less than 4.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings; or

(vi) Alex Timm shall cease at any time to be directly involved in the day to day management of the Borrower.

"Change in Law" shall mean the occurrence, after the Closing Date, of any of the following: (i) the adoption or taking effect of any applicable law, rule, regulation or treaty, (ii) any change in any applicable law, rule, regulation or treaty, or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority; provided that notwithstanding anything herein to the contrary, for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.3 have been satisfied or waived in accordance with Section 10.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Collateral" shall mean all tangible and intangible property, real and personal, of any Loan Party that is or purports to be the subject of a Lien to the Administrative Agent under the Loan Documents

to secure the whole or any part of the Obligations or any Guarantee thereof, and shall include, without limitation, all casualty insurance proceeds and condemnation awards with respect to any of the foregoing; provided that, for the avoidance of doubt, the Collateral shall exclude (i) all of the assets of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary and (ii) all other Excluded Property.

"Collateral Access Agreement" shall mean each landlord waiver or bailee agreement granted to, and in form and substance reasonably acceptable to, the Administrative Agent.

"Collateral Assignment" shall mean that certain Collateral Assignment of Representations, Warranties, Covenants and Indemnities under the Agency Agreement, dated as of the Original Closing Date, executed by RIA in favor of the Administrative Agent.

"Collateral Documents" shall mean, collectively, the Guaranty and Security Agreement, any Real Estate Documents, the Control Account Agreements, the Collateral Assignment, all Copyright Security Agreements, all Patent Security Agreements, all Trademark Security Agreements, all Collateral Access Agreements, and all other instruments and agreements now or hereafter securing or perfecting the Liens securing the whole or any part of the Obligations or any Guarantee thereof. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Collateral Documents.

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended and in effect from time to time, and any successor statute.

"Compliance Certificate" shall mean a certificate from the principal executive officer, the principal financial officer, the principal accounting officer or the treasurer of the Borrower substantially in the form of, and containing substantially the certifications set forth in, the form attached hereto as Exhibit 5.1(d).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Continuing Director" shall mean, with respect to any period, any individuals (A) who were members of the board of directors or other equivalent governing body of the Borrower on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"Control Account Agreement" shall mean any agreement by and among a Loan Party, the Administrative Agent, the NPA Agent (if applicable), and a depositary bank or securities intermediary at which such Loan Party maintains a Controlled Account, in each case in form and substance reasonably satisfactory to the Administrative Agent. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Control Account Agreements.

"Controlled Account" shall have the meaning set forth in Section 5.11(a).

"Copyright" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Copyright Security Agreement" shall mean any Copyright Security Agreement executed by a Loan Party owning registered Copyrights or applications for Copyrights in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Covered Party" shall have the meaning set forth in Section 10.19(a).

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

"Default" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" shall have the meaning set forth in Section 2.8(c).

"Defaulting Lender" shall mean, subject to Section 2.21(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, or (b) has, or has a direct or indirect parent company that has (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) and (b) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.21(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"Direct Combined Ratio" shall mean the sum (expressed as a percentage) of the Direct Loss & LAE Ratio plus the Direct Expense Ratio.

"Direct Earned Premium" shall mean revenue recognized during the period of measurement for written insurance contracts, prior to any ceding, as determined in accordance with SAP.

"Direct Expense Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is Operating Expenses for all of the U.S. Insurance Subsidiaries for such period and (y) is Direct Written Premium of all U.S. Insurance Subsidiaries for such period.

"Direct Loss & LAE Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is the sum of (i) total new insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (ii) total renewal insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (iii) total costs for claims administration for all of the U.S. Insurance Subsidiaries related to Direct Earned Premium of the U.S. Insurance Subsidiaries for such period and (y) is Direct Earned Premium of the U.S. Insurance Subsidiaries for such period.

"Direct Written Premium" shall mean all premium covering written insurance contracts, prior to any ceding, during the period of measurement as determined in accordance with SAP.

"Disqualified Capital Stock" shall mean, with respect to any Person, any Capital Stock of such Person which (x) by its terms (or by the terms of any Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date, (b) is redeemable at the option of the holder thereof (other than (i) solely for Qualified Capital Stock or (ii) as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable), in whole or in part, on or prior to the date that is ninety-one (91) days following the Maturity Date (c) provides for or otherwise permits the holder to receive scheduled payments of dividends or distributions in cash on or prior to the date that is ninety-one (91) days following the Maturity Date or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, on or prior to the date that is ninety-one (91) days following the Maturity Date or (y) contains any repurchase obligation which, by its terms, may come into effect (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date.

"Disqualified Institution" shall mean (a) any direct competitor of the Borrower that is in the same or a substantially similar line of business and that has been identified in writing to the Administrative Agent at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or Term Loan Commitments (each such entity, a "Competitor") and (b) any Person that is (i) actually known by the Administrative Agent to be an Affiliate (solely on the basis of name) of any Competitor or (ii) identified in writing to the Administrative Agent as an Affiliate of a Competitor at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or Term Loan Commitments; provided that a list of Disqualified Institutions identified in clauses (a) and (b)(ii) above shall be made available to all Lenders upon request to the Administrative Agent.

"Dollar(s)" and the sign "$" shall mean lawful money of the United States.

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution

described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" shall mean any Person that meets the requirements to be an assignee under Section 10.4 (subject to such consents, if any, as may be required under Section 10.4(b)(iii)).

"Environmental Indemnity" shall mean each environmental indemnity made by each Loan Party with Real Estate required to be pledged as Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, in each case in form and substance satisfactory to the Administrative Agent.

"Environmental Laws" shall mean all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters concerning exposure to Hazardous Materials.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of Holdings, the Borrower or any of their respective Subsidiaries directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Monetization Event" shall mean, unless such event is waived by the Required Lenders or the Required Noteholders (as such term is defined in the Note Purchase Agreement) pursuant to the terms of the Note Purchase Agreement, the occurrence of any of the following:

(i) the consummation of a Qualified IPO;

(ii) the occurrence of a Change in Control pursuant to clauses (i), (ii), (iii) or (iv) of the definition thereof;

(iii) the occurrence of a Significant Transaction; or

(iv) any automatic exercise of the Closing Date Warrants (as defined in the Note Purchase Agreement) in accordance with the terms thereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean any Person that, together with Borrower or its Subsidiaries, is or was, at any relevant time, considered to be a "single employer" under Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" shall mean (i) any "reportable event" as defined in Section 4043(c) of ERISA with respect to a Plan (other than an event as to which the PBGC has waived the requirement of Section 4043(a) of ERISA that it be notified of such event); (ii) any failure to make by its due date a required contribution to any Plan that would result in the imposition of a lien or encumbrance under Section 430 of the Code or Section 303 or 4068 of ERISA, or the imposition on the assets of Holdings, the Borrower or their Subsidiaries of such a lien or encumbrance, or any filing of any request for a minimum funding waiver under Section 412 of the Code or Section 303 of ERISA with respect to any Plan or Multiemployer Plan, whether or not waived,, or any determination that any Plan is, or is expected to be, in at-risk status under Section 303 of ERISA; (iii) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA with respect to any Plan or Multiemployer Plan (other than for premiums due and not delinquent under Section 4007 of ERISA); (iv) any institution of proceedings, or the occurrence of an event or condition which would reasonably be expected to constitute grounds for the institution of proceedings by the PBGC, under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (v) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability with respect to the complete withdrawal or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice that a Multiemployer Plan is in endangered or critical status under Section 305 of ERISA; (vi) any receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, or any receipt by any Multiemployer Plan from Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Section 4245 of ERISA; (vii) Holdings, the Borrower, any of their respective Subsidiaries engaging in a material non-exempt prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA; or (viii) any filing of a notice of intent to terminate any Plan if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, any filing under Section 4041(c) of ERISA of a notice of intent to terminate any Plan, or the termination of any Plan under Section 4041(c) of ERISA.

"Escrow Accounts" shall mean any account pursuant to which Escrow Funds are held while subject to the Escrow Agreement.

"Escrow Agreement" shall mean, collectively, (i) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, SunTrust Bank, as a Lender and SunTrust Bank, as escrow agent and (ii) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, The Huntington National Bank, as a Lender and SunTrust Bank, as escrow agent.

"Escrow Agent" shall mean SunTrust Bank, a Georgia banking corporation.

"Escrow Funds" shall mean all cash (and cash equivalents to the extent permitted by the Escrow Agreements) that is at any time and from time to time included in the "Escrow Fund" (as defined in each of the Escrow Agreements) and held in the "Escrow Account" (as defined in each of the Escrow Agreements); provided that the aggregate amount of Escrow Funds that the Loan Parties or their Subsidiaries are required to deposit on the Closing Date shall not exceed $24,937,500.00 in the aggregate.

"Escrow Period" shall have the meaning set forth in Section 11.2.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time."Eurodollar Loans" shall mean Term Loans for which the rate of interest applicable is based upon the Adjusted LIBO Rate.

"Eurodollar Successor Rate" shall have the meaning set forth in Section 2.12(b).

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

"Event of Default" shall have the meaning set forth in Section 8.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended and in effect from time to time.

"Excluded Property" shall have the meaning ascribed to such defined term in the Guaranty and Security Agreement.

"Excluded Swap Obligation" shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Term Loan or Term Loan Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Term Loan or Term Loan Commitment (other than pursuant to an assignment request by the Borrower under Section 2.20) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" shall have the meaning set forth in the recitals hereof.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention entered into among Governmental Authorities in connection with such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement, treaty or convention.

"Federal Funds Rate" shall mean, for any day, the rate *per annum* (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or, if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent. For purposes of this Agreement, the Federal Funds Rate shall not be less than zero percent (0%).

"Fee Letters" shall mean the Agent Fee Letter and the Lender Fee Letters.

"Fiscal Month" shall mean any fiscal month of the Borrower.

"Fiscal Quarter" shall mean any fiscal quarter of the Borrower.

"Fiscal Year" shall mean any fiscal year of the Borrower.

"Foreign Lender" shall mean a Lender that is not a U.S. Person.

"GAAP" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

"Governmental Authority" shall mean the government of the United States or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any Insurance Regulatory Authority and any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall

be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not so 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. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantors" shall mean, collectively, each of the Subsidiary Loan Parties and Holdings; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Guarantor.

"Guaranty and Security Agreement" shall mean the Guaranty and Security Agreement, dated as of the Original Closing Date and substantially in the form of Exhibit B, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

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

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

"Hedging Obligations" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"Hedging Transaction" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. For the avoidance of doubt, Hedging Transactions shall not include (i) the issuance, underwriting, placement or selling of insurance by the Loan Parties and their Subsidiaries in the ordinary course of business or (ii) the purchasing by the Loan Parties and their Subsidiaries of risk allocation agreements or reinsurance in the ordinary course of business or otherwise in accordance with customary industry practice.

"Historical Financial Statements" shall have the meaning set forth in Section 4.4.

"Holdings" shall have the meaning set forth in the introductory paragraph hereof.

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property (including, for the avoidance of doubt, contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) or services (other than trade payables incurred in the ordinary course of business; provided that, for purposes of Section 8.1(f), trade payables overdue by more than 120 days shall be included in this definition except to the extent that any of such trade payables are being disputed in good faith and by appropriate measures), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Disqualified Capital Stock of such Person, (x) all Off-Balance Sheet Liabilities and (xi) all net Hedging Obligations. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company or the foreign equivalent thereof) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedging Transaction on any date shall be deemed to be the Hedge Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (viii) that is expressly made nonrecourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith**.** For the avoidance of doubt, Indebtedness of a Person shall not include (i) obligations under insurance issued, underwritten, placed or sold by such Person in the ordinary course of business or (ii) obligations under risk allocation agreements or reinsurance agreements purchased in the ordinary course of business or otherwise in accordance with customary industry practice.

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

"Intellectual Property" shall mean (a) all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law, including all Copyrights, Patents, software, Trademarks, internet domain names and trade secrets, (b) all IP Licenses and (c) all IP Ancillary Rights relating thereto.

"Insurance Business" shall mean one or more aspects of the business of (a) issuing, selling, placing or underwriting insurance or (b) reinsurance.

"Insurance Licenses" shall mean licenses, permits or authorizations to transact insurance and reinsurance business required to be obtained from Insurance Regulatory Authorities in connection with the operation, ownership or transaction of insurance or reinsurance business.

"Insurance Regulatory Authority" shall mean, when used with respect to any Insurance Subsidiary, (x) the insurance department or similar administrative authority or agency located in each state

or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is domiciled or (y) to the extent asserting or having regulatory jurisdiction over such Insurance Subsidiary, the insurance department, authority or agency in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is licensed, and shall include any Federal or national insurance regulatory department, authority or agency that may be created and that asserts or has regulatory jurisdiction over such Insurance Subsidiary.

"Insurance Subsidiary" shall mean any Subsidiary of the Borrower that is authorized or admitted to carry on or transact Insurance Business and has received an Insurance License from an Insurance Regulatory Authority for the purpose of carrying on an Insurance Business. As of the Closing Date, RIC and RRC are the only Insurance Subsidiaries of the Borrower.

"Intercreditor Agreement" shall mean that certain First Lien Intercreditor Agreement, dated as of date hereof, by and among the Administrative Agent, the NPA Agent and each of the Loan Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Period" shall mean with respect to any Eurodollar Loan, a period of one, two, three or six months (or if agreed to by all Lenders, twelve months); provided that:

(i) the initial Interest Period for such Eurodollar Loan shall commence either (x) on the Original Closing Date (in the case of an election to borrow Eurodollar Loans pursuant to Section 2.2(a) of the Existing Credit Agreement) or (y) on the date of conversion from a Base Rate Loan into such Eurodollar Loan pursuant to Section 2.9, and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the immediately preceding Business Day;

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

(iv) on each regularly scheduled principal installment payment date, the sum of the aggregate outstanding amount of (x) Eurodollar Loans with an Interest Period ending on such date plus (y) Base Rate Loans outstanding on such date, shall be at least equal to the amount of such scheduled principal installment due on such date; and

(v) no Interest Period may extend beyond the Maturity Date.

"Investments" shall have the meaning set forth in Section 7.4.

"IP Ancillary Rights" means, with respect to any Intellectual Property of the type described in clauses (a) and (b) of the definition of Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

"IP License" means all written Contractual Obligations (and all related IP Ancillary Rights), granting any right, title and interest in or relating to any Intellectual Property of the type described in clause (a) of the definition of Intellectual Property.

"IRS" shall mean the United States Internal Revenue Service.

"Lender-Related Hedge Provider" shall mean any Person that, at the time it enters into a Hedging Transaction with any Loan Party (or if entered into prior to the Original Closing Date and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Lender-Related Hedge Provider is SunTrust Bank or any of its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Hedging Transaction and (y) the methodology to be used by such parties in determining the obligations under such Hedging Transaction from time to time. In no event shall any Lender-Related Hedge Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Hedging Obligations except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Lender-Related Hedge Provider. In no event shall the approval of any such Person in its capacity as Lender-Related Hedge Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document.

"Lender Fee Letters" shall mean those certain fee letters, dated as of the date hereof, executed by the applicable Lenders and accepted by the Borrower.

"Lenders" shall have the meaning set forth in the introductory paragraph hereof.

"Leverage Ratio" shall mean (x) divided by (y) where (x) is Net Earned Premium of RRC for the twelve-month period on the last day of the month ended prior to the Test Date and (y) is RRC Equity.

"Lien" shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of any of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Liquidity" shall mean, on any date of determination, all cash and all cash equivalents (including any Permitted Investment that is a cash equivalent) owned and held by the Loan Parties, in each case, on the date of determination; provided however, that amounts calculated under this definition shall exclude any amounts that would not be considered "cash" or "cash equivalents" under GAAP or "cash" or "cash equivalents" as recorded on the books of the Loan Parties; provided, further, that amounts and cash equivalents included under this definition shall (i) be included only to the extent such amounts or cash equivalents are (A) not subject to any Lien or other restriction or encumbrance of any kind (other than Liens (x) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights so long as such liens and rights are not being enforced or otherwise exercised, (y) in favor of Administrative Agent or (z) permitted by Section 7.2(a)(ii)) and (B) subject to a perfected Lien in favor of the Administrative Agent, (ii) exclude any amounts held by the Loan Parties in escrow, trust or other fiduciary capacity for or on behalf of a client of Holdings, the Borrower, any Subsidiary of Holdings or any of their respective Affiliates and (iii) exclude all Escrow Funds.

"Loan Documents" shall mean, collectively, this Agreement, the Collateral Documents, the Fee Letters, the Reaffirmation Agreement, the Intercreditor Agreement, any promissory notes issued hereunder, any subordination agreement executed in connection with the Subordinated Debt (if any) and any and all other instruments, agreements, documents and writings executed in connection with any of the

foregoing that are designated by the Borrower and the Administrative Agent as a Loan Document. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Loan Documents.

"Loan Parties" shall mean Holdings, the Borrower and the Subsidiary Loan Parties.

"Loans" shall mean the Term Loans.

"Material Adverse Effect" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets or liabilities of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents, (iii) the rights and remedies of the Administrative Agent or the Lenders under any of the Loan Documents, taken as a whole, or (iv) the legality, validity or enforceability of any of the Loan Documents.

"Material Agreements" shall mean (i) all agreements, indentures or notes governing the terms of any Material Indebtedness, (ii) all employment and non-compete agreements with management, (iii) all leases of Real Estate in locations that constitute the chief executive office of any of Holdings and/or its Subsidiaries or otherwise with rent in excess of $2,000,000 per year, and (iv) all other agreements, documents, contracts, indentures and instruments pursuant to which (A) any Loan Party or any of its Subsidiaries are obligated to make payments in any twelve month period of $2,000,000 or more, (B) any Loan Party or any of its Subsidiaries expects to receive revenue in any twelve month period of $2,000,000 or more and (C) a default, breach or termination thereof could reasonably be expected to result in a Material Adverse Effect. For the avoidance of doubt, the Loan Documents and the Escrow Agreements shall be deemed to not constitute Material Agreements.

"Material Indebtedness" shall mean any Indebtedness (other than the Term Loans) of Holdings, the Borrower or any of their respective Subsidiaries individually in a committed or outstanding principal amount exceeding $2,500,000. For purposes of determining the amount of attributed Indebtedness from Hedging Obligations, the "principal amount" of any Hedging Obligations at any time shall be the Net Mark-to-Market Exposure of such Hedging Obligations.

"Maturity Date" shall mean the earlier of (i) October 16, 2020 and (ii) the date on which the principal amount of all outstanding Term Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise).

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Property" shall mean, collectively, the Real Estate subject to the Mortgages, including, but not limited to, any Real Estate for which a Mortgage is required to be delivered after the date hereof pursuant to Section 5.12.

"Mortgages" shall mean, collectively, each mortgage, deed of trust, trust deed,security deed, debenture over real estate, deed of immovable hypothec,deed over real estate to secure debt or other real estate security documents delivered by any Loan Party to the Administrative Agent from time to time, all in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, amended and restated, extended, supplemented, substituted or otherwise modified from time to time.

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is or was, during the preceding five calendar years, contributed to or required to be contributed to by Holdings, the Borrower, any of their respective Subsidiaries or an ERISA Affiliate.

"NAIC" shall mean the National Association of Insurance Commissioners.

"Net Cash Proceeds" means, as applicable: (a) with respect to any asset sale, disposition, casualty, condemnation or similar event, the gross proceeds received by Holdings or any of its Subsidiaries therefrom consisting of (x) cash, (y) cash equivalents and (z) any cash or cash equivalent payments received by way of a deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received, but excluding any interest and royalty payments, *less* the sum of: (i) in the case of an asset sale or disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such asset sale or disposition, the amount of such excess shall constitute Net Cash Proceeds); (ii) all reasonable and customary out-of-pocket legal and other fees and expenses incurred in connection with such transaction or event (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates); (iii) the principal amount of, premium, if any, and interest on any Indebtedness (other than any Indebtedness arising under the Loan Documents and the NPA Financing) that is required to be repaid in connection with such transaction or event and that is secured by Liens in such assets; (iv) reasonable reserves retained from such gross proceeds to fund contingent liabilities directly attributable to such asset sale, disposition, casualty, condemnation or similar event and reasonably estimated to be payable (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); and (b) with respect to any incurrence of Indebtedness, the gross cash proceeds received by Holdings or any of its Subsidiaries therefrom *less* all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred in connection therewith (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates).

"Net Earned Premium" shall mean Direct Earned Premium of RRC for any Test Period net of Ceded Earned Premium of RRC for such Test Period.

"Net Mark-to-Market Exposure" of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. "Unrealized losses" shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date), and "unrealized profits" shall mean the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Net Written Premium" shall mean Direct Written Premium of the U.S. Insurance Subsidiaries for any Test Period net of Ceded Written Premium of the U.S. Insurance Subsidiaries for such Test Period. For the avoidance of doubt, Exhibit D shows a calculation of the Net Written Premium of the U.S. Insurance Subsidiaries for the last twelve months most recently ended prior to the Closing Date. The calculation of Net Written Premium hereunder on and after the Closing Date shall be substantially consistent with Exhibit D and in accordance with SAP.

"Non-Consenting Lender" shall have the meaning set forth in Section 2.20.

"Non-Defaulting Lender" shall mean, at any time, a Lender that is not a Defaulting Lender.

"Non-U.S. Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established, contributed to (regardless of whether through direct contributions or through employee withholding) or maintained outside the United States by Holdings, the Borrower or one or more of their respective Subsidiaries primarily for the benefit of employees of Holdings, the Borrower or such Subsidiaries residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement, or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Note Document" shall have the meaning assigned to the term "Note Documents" (or any equivalent term) in the Note Purchase Agreement.

"Note Purchase Agreement" shall mean that certain Note Purchase Agreement, dated as of the Closing Date, by and among the Borrower, the NPA Agent, as administrative agent, and the noteholders named therein, as the same may be amended, restated, modified, supplemented, extended, increased or refinanced or replaced pursuant to a Permitted Refinancing from time to time in one or more agreements (in each case with the same or new lenders, investors or agents), in each case, in accordance with the terms of this Agreement and the Intercreditor Agreement.

"Notice of Conversion/Continuation" shall have the meaning set forth in Section 2.9(b).

"NPA Agent" has the meaning assigned to the term "Administrative Agent" (or any equivalent term) in the Note Purchase Agreement.

"NPA Financing" shall mean, (i) collectively, the issuance of Indebtedness of the Borrower pursuant to the Note Purchase Agreement and the NPA Notes, together with the Indebtedness under the guaranties in respect thereof, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement and (ii) any Permitted Refinancing thereof.

"NPA Notes" shall mean the "Notes" (or any equivalent term) as defined in the Note Purchase Agreement.

"Obligations" shall mean (a) all amounts owing by the Loan Parties to the Administrative Agent any Lender or the Arranger pursuant to or in connection with this Agreement or any other Loan Document or otherwise with respect to any Term Loan including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent and any Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (c) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing; provided, however, that with respect to any Guarantor, the Obligations shall not include any Excluded Swap Obligations.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet

of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"Operating Expenses" shall mean, for any Person and for any Test Period, all operating expenses of such Person, including, for the avoidance of the doubt, the sum of (i) Acquisition Costs of such Person for such period plus (ii) Fixed Expense Costs of such Person for such period. For purposes of calculating "Operating Expenses", the following defined terms shall apply:

"Acquisition Costs"shall mean, the sum of commissions payable by the applicable Person to RIA plus report costs for the applicable Person; provided that "Acquisition Costs" shall exclude ceded commissions.

"Fixed Expense Costs" shall mean, the sum of (i) employment costs and expenses plus (ii) merger and acquisition costs and expenses plus (iii) premium taxes and payment processing fees, in each case, of such Person.

"Original Closing Date" shall mean April 17, 2019.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

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

"Other Taxes" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.20).

"Parent Company" shall mean, with respect to a Lender, the "bank holding company" as defined in Regulation Y, if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"Participant" shall have the meaning set forth in Section 10.4(d).

"Participant Register" shall have the meaning set forth in Section 10.4(d).

"Patent" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Patent Security Agreement" shall mean any Patent Security Agreement executed by a Loan Party owning Patents or licenses of Patents in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

*"*Patriot Act*"* shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56.

"Payment Office" shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the Lenders.

"PBGC" shall mean the U.S. Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Perfection Certificate" shall mean that certain Perfection Certificate, dated as of the Original Closing Date.

"Permitted Acquisition" shall mean, subject to the limitations set forth in Section 7.17, any acquisition by the Borrower or any other Loan Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Capital Stock (other than directors' qualifying shares as required pursuant to applicable law) of, or a business line or unit or a division of, any Person in connection with which each of the following conditions is satisfied:

(i) immediately before and after giving pro forma effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects);

(ii) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries shall be in pro forma compliance with each of the financial covenants set forth in Article VI, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c), and the Borrower shall have delivered to the Administrative Agent a pro forma Compliance Certificate signed by a Responsible Officer certifying to the foregoing at least 10 days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion);

(iii) at least 30 days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall have delivered to the Administrative Agent notice of such acquisition, together with, to the extent available, historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent available, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and information reasonably requested by the Administrative Agent;

(iv) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries are in compliance with the provisions of Section 7.3(b);

(v) the Loan Parties shall have complied with the provisions of Sections 5.12 and 5.13 with respect to such acquisition within the time periods required thereby, and any Person whose Capital Stock is acquired pursuant to such acquisition shall be a Loan Party (and for the avoidance of doubt, shall not be an Insurance Subsidiary);

(vi) the board of directors (or the equivalent thereof) of the Person to be acquired (or whose assets are to be acquired) shall have approved or consented to the consummation of such acquisition;

(vii) as of the date of such acquisition, all of the issued and outstanding Capital Stock acquired by any Loan Party has been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and is fully paid and non-assessable and free and clear of all Liens other than Liens created under the Loan Documents;

(viii) any Person or assets or division as acquired in accordance herewith shall be domiciled in either the United States or Canada;

(ix) such acquisition is consummated in compliance with all requirements of law in all material respects, and all material consents and approvals from any Governmental Authority or other Person required in connection with such acquisition have been obtained;

(x) the Borrower has delivered to the Administrative Agent a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied and that, immediately before and after giving pro forma effect to such acquisition, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

"Permitted Encumbrances" shall mean:

(i) Liens imposed by law for taxes, assessments and other charges and levies imposed by any Governmental Authority, in each case, which are not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, vendors, carriers, warehousemen, mechanics, materialmen, processors, suppliers, landlords, repairmen and other Liens imposed by law in the ordinary course of business for amounts not more than 45 days past due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, social security and other similar laws or regulations;

(iv) deposits to secure the performance of bids, trade and commercial contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) (x) judgment and attachment liens not giving rise to an Event of Default and (y) Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where Holdings or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) (x) easements, zoning restrictions, building codes, rights-of-way, reservations, covenants, rights and restrictions of record and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of Holdings and its Subsidiaries taken as a whole, (y) with respect to any leasehold interest, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord, ground lessor or owner of the leased property or owned property and (z) with respect to any Mortgaged Property, all matters shown on the title report for such Real Estate;

(viii) Liens solely on cash earnest money deposits made by Holdings or any of its Subsidiaries;

(ix) restrictions on transfers of assets that are subject to sale or transfer pursuant to any purchase and sale agreements that are permitted under this Agreement;

(x) in the case of any joint ventures permitted hereunder, put/call arrangements or restrictions on dispositions related to its Capital Stock set forth in the applicable organizational documents or joint venture agreement;

(xi) Liens on insurance policies under which Holdings and its Subsidiaries are the insured parties (excluding, for the avoidance of doubt, any excess of loss, catastrophic or other similar insurance or reinsurance policies that are applicable to the line of business of Holdings and its Subsidiaries) and proceeds and premiums thereof or related thereto securing Indebtedness permitted under Section 7.1(n);

(xii) Liens on assets of any Insurance Subsidiary arising under agreements or arrangements established with respect to insurance policies underwritten by any Insurance Subsidiary in the ordinary course of business;

(xiii) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of business to the extent that such leases or subleases do not materially interfere with the business of Holdings or its Subsidiaries;

(xiv) licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S.; and

(xv) pledges, deposits and guarantees made by an Insurance Subsidiary in order to comply with applicable Requirements of Law or as required by an Insurance Regulatory Authority;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Holders" shall mean all Persons that hold Capital Stock of Holdings as of the Closing Date as set forth on Schedule 8.1 and, in each case, their Affiliates, immediate family members, lineal descendants, heirs, estates and trusts for the benefit thereof.

"Permitted Investments" shall mean:

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

(ii) marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision of any such state, commonwealth or territory, as applicable, maturing within one year from the date of acquisition thereof and having, at the time of the acquisition thereof, one of the two highest ratings obtainable from either S&P or Moody's;

(iii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within one year from the date of acquisition thereof;

(iv) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (x) any Lender or (y) any domestic office of any other commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

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

(vi) Investments in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Borrower or the Subsidiaries; and

(vii) mutual funds investing at least 95% of their assets in any one or more of the Permitted Investments described in clauses (i) through (v) above.

"Permitted Prior Liens" means (a) with respect to any Capital Stock of any Subsidiary of Holdings, Liens permitted by Section 7.2 which are prior as a matter of law and (b) with respect to any other property or assets, any Liens permitted by Section 7.2.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amounts paid, and customary fees, expenses, original issue discount and upfront fees incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder; (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended (except by virtue of amortization of or prepayment of Indebtedness prior to such date of determination); (c) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such

modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (d) to the extent any Liens securing such Indebtedness being modified, refinanced, refunded, renewed or extended are subordinated to any Liens securing the Obligations, the Liens securing such modification, refinancing, refunding, renewal or extension are subordinated to the Liens securing the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (e) the only obligors in respect of such Indebtedness being modified, refinanced, refunded, renewed or extended are the original obligors thereon and any other Person required to be or become an obligor thereon under the then terms of the Indebtedness being so modified, refinanced, refunded, renewed or extended to become an obligor in respect of such Indebtedness (provided that any Loan Party may guarantee any Permitted Refinancing incurred by any other Loan Party to the extent permitted by Section 7.1(e)); (f) the terms and conditions of any such modification, refinancing, refunding, renewal or extension, taken as a whole, are not materially less favorable to the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended; and (g) in the case of any Indebtedness consisting of a refinancing of NPA Financing, the terms and conditions of any such modification, refinancing, refunding, renewal or extension are subject to and in compliance with the requirements set forth in the Intercreditor Agreement.

"Permitted Third Party Bank" shall mean any bank or other financial institution with whom any Loan Party maintains a Controlled Account and with whom a Control Account Agreement has been executed.

"Person" shall mean any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" shall mean any "employee benefit plan" as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) subject to Title IV of ERISA that is or was, during the preceding five calendar years, maintained or contributed to or required to be contributed to by Holdings, the Borrower or any ERISA Affiliate.

"Platform" shall mean Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Pro Rata Share" shall mean with respect to all payments, computations and other matters relating to the Term Loan of any Lender, the percentage obtained by dividing (a) the Term Loan Exposure of that Lender by (b) the aggregate Term Loan Exposure of all Lenders.

"PTE" shall mean a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC Credit Support" shall have the meaning set forth in Section 10.19.

"Qualified Amount" shall mean, as of any date of determination with respect to each Assignee Lender, the amount of (i) Escrow Funds held for the benefit of such Assignee Lender as of such date less (ii) the aggregate amount of amortization payments and mandatory prepayments made after the Closing Date that are allocable to the Term Loan purchased by such Assignee Lender on the Closing Date pursuant to the SVB Assignment.

"Qualified Assignment" shall mean an assignment of the Term Loans made during the Escrow Period by the Assignee Lenders to an Eligible Assignee so long as such assignment is (i) evidenced by an Assignment and Acceptance, (ii) made on a ratable basis among the Assignee Lenders calculated pursuant to each Assignee Lender's *pro rata* share of the aggregate Escrow Funds existing immediately prior to giving effect to such assignment and (iii) has been consented to by the Borrower (unless a Specified Event of Default has occurred and is continuing at the time of such assignment).

"Qualified Capital Stock" of any Person shall mean any Capital Stock of such Person that is not Disqualified Capital Stock.

"Qualified IPO" means the issuance by Holdings of its Capital Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended from time to time, and any successor statute (whether alone or in connection with a secondary public offering).

"Reaffirmation Agreement" shall mean the Reaffirmation Agreement and Master Amendment, dated as of the Closing Date, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

"Real Estate" shall mean all real property owned or leased by the Borrower and its Subsidiaries.

"Real Estate Documents" shall mean, collectively, (i) Mortgages covering all Real Estate owned by the Loan Parties that are required to be granted hereunder, duly executed by each applicable Loan Party, together with (A) title insurance policies, current as-built ALTA/ACSM Land Title surveys certified to the Administrative Agent, in each case relating to such Real Estate and reasonably satisfactory in form and substance to the Administrative Agent, (B) (x) Life of Loan" Federal Emergency Management Agency Standard Flood Hazard determinations, (y) notices, in the form required under the Flood Insurance Laws, about special flood hazard area status and flood disaster assistance duly executed by each Loan Party, and (z) if any improved real property encumbered by any Mortgage is located in a special flood hazard area, a policy of flood insurance that is on terms reasonably satisfactory to the Administrative Agent, (C) evidence that counterparts of such Mortgages have been recorded in all places to the extent necessary or desirable, in the reasonable judgment of the Administrative Agent, to create a valid and enforceable first priority Lien (subject to Permitted Encumbrances) on such Real Estate in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law), (D) an opinion of counsel in each state in which such Real Estate is located in form and substance and from counsel reasonably satisfactory to the Administrative Agent, (E) a duly executed Environmental Indemnity with respect thereto, (F) Phase I Environmental Site Assessment Reports, consistent with American Society of Testing and Materials (ASTM) Standard E 1527-05, and applicable state requirements, on all of the owned Real Estate required to be subject to a Mortgage hereunder, dated no more than six (6) months prior to the Original Closing Date (or date of the applicable Mortgage if provided post-closing) (or such earlier date as acceptable to the Administrative Agent), prepared by environmental engineers reasonably satisfactory to the Administrative Agent, all in form and substance reasonably satisfactory to the Administrative Agent, and such environmental review and audit reports, including Phase II reports, with respect to the Real Estate of any Loan Party that is required to be subject to a Mortgage hereunder as the Administrative Agent shall have reasonably requested, in each case together with letters executed by the environmental firms preparing such environmental reports, in form and substance reasonably satisfactory to the Administrative Agent, authorizing the Administrative Agent and the Lenders to rely on such reports, and the Administrative Agent shall be reasonably satisfied with the contents of all such environmental

reports and (G) such other reports, documents, instruments and agreements as the Administrative Agent shall reasonably request, each in form and substance reasonably satisfactory to Administrative Agent.

"Recipient" shall mean, as applicable, (a) the Administrative Agent and (b) any Lender.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation Y" shall mean Regulation Y of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any Person, such Person's Affiliates and the managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Required Lenders" shall mean Non-Defaulting Lenders holding, in the aggregate, more than 50% of total Term Loan Exposure at such time; provided that at any time that there are two or more unaffiliated Non-Defaulting Lenders, Required Lenders shall consist of at least two such Non-Defaulting Lenders; provided further that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its Term Loans shall be excluded for purposes of determining Required Lenders.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean (x) with respect to certifying compliance with the financial covenants set forth in Article VI, the principal executive officer, the principal financial officer, the principal accounting officer, the treasurer or the controller of the Borrower and (y) with respect to all other provisions, any of the president, the principal executive officer, the principal operating officer, the principal financial officer, the treasurer, the controller or a vice president of the Borrower or such other senior officer that has similar responsibilities to the extent such officer is designated in writing to the Administrative Agent.

"Restricted Payment" shall mean (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of Capital

Stock to the holders of that class (other than Disqualified Capital Stock); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; (iv) any payment, prepayment, redemption, purchase, retirement, defeasance (including in-substance or legal defeasance) or other satisfaction, in each case, prior to the repayment in full of all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations), with respect to the principal or interest of (or premium as a result of such payment, prepayment or satisfaction otherwise) any Indebtedness, liabilities or obligations that are in each case subordinated in right of payment and/or right of security to the Obligations and/or any Guarantee thereof, including, without limitation, the Subordinated Debt; and (v) any management or similar fees. For the avoidance of doubt, payments of principal, interest, fees or other amounts with respect to the NPA Financing shall not constitute a Restricted Payment.

"RIA" shall mean Root Insurance Agency, LLC, an Ohio limited liability company.

"RIC" shall mean Root Insurance Company, an Ohio corporation.

"Risk-Based Capital Ratio" shall mean, with respect to each Insurance Subsidiary, as of the end of any Fiscal Month, the ratio of Total Adjusted Capital as of the end of such Fiscal Month to Authorized Control Level Risk-Based Capital as of the end of such Fiscal Month (in each case as determined by SAP and defined in NAIC's Risk-Based Capital for Insurers Model Act (Volume III-312) applicable to Insurance Subsidiaries and consistent with applicable statutes of the applicable Insurance Regulatory Authority from time to time).

"RRC" shall mean Root Reinsurance Company, Ltd., a Cayman Islands exempted company.

"RRC Equity" shall mean, as of any date of determination, total equity reflected on the balance sheet of RRC prepared in accordance with GAAP.

"S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and any successor thereto.

"Sale/Leaseback Transaction" shall have the meaning set forth in Section 7.9.

"Sanctioned Country" shall mean, at any time, a country, region or territory that is, or whose government is, the subject or target of any Sanctions including, without limitation, as of the Closing Date, Crimea, Cuba, Iran, North Korea, Sudan and Syria.

"Sanctioned Person" shall mean, at any time, (a) any Person that is the subject or target of any Sanctions, (b) any Person located, organized, operating or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person.

"Sanctions" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"SAP" means, with respect to any Insurance Subsidiary, the accounting procedures and practices prescribed or permitted by the applicable Insurance Regulatory Authority, applied in accordance with Section 1.2

"Screen Rate" shall have the meaning assigned to such term in the definition of "Adjusted LIBO Rate".

"Secured Parties" shall mean the Administrative Agent, the Lenders, the Lender-Related Hedge Providers and the Bank Product Providers.

"Significant Transaction" shall mean (i) the entry by Holdings or any of its Subsidiaries into an investment, joint venture or similar transaction valued at more than $350,000,000 from a company that operates in the auto insurance industry or (ii) the entry by Holdings or any of its Subsidiaries into any investment, joint venture or similar transaction that would result in any one Person (together with such Person's Affiliates) (other than Permitted Holders) having an economic interest in RIC or any Loan Party greater than 33%.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Specified Event of Default" shall mean an Event of Default under Section 8.1(a), (b), (d) (solely as a result of a failure to observe or perform any requirement under Article VI), (g), (h) or (j).

"Statutory Surplus" shall mean, with respect any Insurance Subsidiary, the surplus as to policyholders of such Insurance Subsidiary as determined pursuant to SAP.

"Subordinated Debt" shall mean any Indebtedness of the Loan Parties that is expressly permitted pursuant to Section 7.1(k).

"Subordinated Debt Documents" shall mean the indentures, loan agreements, notes, guaranties, subordination agreements and other related documents and/or agreements governing or evidencing the Subordinated Debt.

"Subsidiary" shall mean, with respect to any Person (the "parent") at any date, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Borrower. For the avoidance of doubt, an Insurance Subsidiary is a Subsidiary of the Borrower.

"Subsidiary Loan Party" shall mean any Subsidiary that executes or becomes a party to the Guaranty and Security Agreement; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Subsidiary Loan Party.

"Supported QFC" shall have the meaning set forth in Section 10.19.

"SVB Assignment" shall have the meaning set forth in Section 11.1.

"SVB Loans" shall have the meaning set forth in Section 11.1.

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

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Accounting Standards Codification Sections 840-10 and 840-20, as amended, and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

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

"Term Loan" shall mean a term loan made by a Lender to the Borrower pursuant to Section 2.1 or Section 2.18 of the Existing Credit Agreement and continued hereunder as set forth in Section 2.1 hereof.

"Term Loan Commitment" shall mean, with respect to each Lender, the obligation of such Lender to make a Term Loan hereunder on the Original Closing Date.

"Term Loan Exposure" shall mean, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Term Loans of such Lender.

"Test Date" shall mean the last day of each Fiscal Month.

"Test Period" shall mean, unless the context otherwise requires, the most recently ended twelve-month period ending on the date of determination.

"Third Party Administrator Agreement" shall mean that certain Master Service Agreement, dated as of February 1, 2019, between Genpact (UK) Limited, a UK private limited company, and RIC.

"Threshold Amount" shall mean $2,500,000.

"Trademark" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Trademark Security Agreement" shall mean any Trademark Security Agreement executed by a Loan Party owning registered Trademarks or applications for Trademarks in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Type" shall mean, with respect to a Term Loan, whether the rate of interest on such Term Loan is determined by reference to the Adjusted LIBO Rate or the Base Rate.

"Unfunded Pension Liability" of any Plan shall mean the amount, if any, by which the value of the accumulated plan benefits under the Plan, determined on a plan termination basis in accordance with actuarial assumptions at such time consistent with those prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions).

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" or "U.S." shall mean the United States of America.

"U.S. Insurance Subsidiary" shall mean a wholly owned Insurance Subsidiary of Holdings (whether direct or indirect) that is domiciled in the United States; provided, that "U.S. Insurance Subsidiaries" shall mean each U.S. Insurance Subsidiary on a collective basis.

"U.S. Person" shall mean any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regimes" shall have the meaning set forth in Section 10.19.

"U.S. Tax Compliance Certificate" shall have the meaning set forth in Section 2.16(g)(ii).

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

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" shall mean the Borrower, any other Loan Party or the Administrative Agent, as applicable.

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

Section 1.2 **Accounting Terms and Determination**. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP or SAP, as applicable, as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Holdings delivered pursuant to Section 5.1(a) (or, if no such financial statements have been delivered, on a basis consistent with the audited consolidated financial statements of the Borrower last delivered to the Administrative Agent in connection with this Agreement); provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP or SAP, as applicable, on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP or SAP, as applicable, in effect immediately before the relevant change in GAAP or SAP, as applicable, became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, (x) without giving effect to any election under Accounting Standards Codification Section 825-10 (or any other Financial Accounting Standard having a similar result or effect including ASU 2015-03, 1 and any other related treatment for debt discounts and premiums, such as original issue discount) to value any Indebtedness or other liabilities of any Loan Party or any Subsidiary of any Loan Party at "fair value", as defined therein and (y) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, (b) the accounting for any lease (and whether such lease shall be treated as Capital Lease Obligations) shall be based on GAAP as in effect on December 31, 2017 and without giving effect to any subsequent changes in GAAP (or required implementation of any previously promulgated changes in GAAP) relating to the treatment of a lease as an operating lease, capitalized lease or finance lease and (c) for purposes of determining compliance with any basket, test, or condition under any provision of this Agreement or any other Loan Document, no Loan Party may retroactively divide, classify, re-classify or deem or otherwise treat a historical transaction as having occurred in reliance on a basket or exception that was not available at the time of such historical transaction or if and to the extent that such basket or exception was relied upon for any later transaction.

Section 1.3 **Terms Generally**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible. Except as otherwise expressly provided herein, the word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, (v) any definition of or reference to any

law shall include all statutory and regulatory provisions consolidating, amending, or interpreting any such law and any reference to or definition of any law or regulation, unless otherwise specified, shall refer to such law or regulation as amended, modified or supplemented from time to time, (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (vii) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated. Unless otherwise expressly provided herein, all references to dollar amounts shall mean Dollars. Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale or disposition or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1 **Term Loan**. The parties hereto acknowledge and agree that, prior to the Closing Date, certain "Term Loans" were made to the Borrower pursuant to (and as defined in) the Existing Credit Agreement. Such "Term Loans" are continued as the Term Loans hereunder and are subject to Section 3.2 (the "Term Loans") and the terms of this Agreement and the other Loan Documents. The Borrower acknowledges and agrees that the outstanding principal amount of the Term Loans immediately prior to giving effect to this Agreement is $99,750,000. The Borrower and the Lenders acknowledge and agree that the principal amount of such Term Loan held by each Lender as of the Closing Date (after giving effect to this Agreement) is set forth on Schedule I opposite the name of such Lender. Subject to the terms and conditions set forth herein, the Term Loans may be, from time to time, Base Rate Loans or Eurodollar Loans or a combination thereof. Amounts paid or prepaid with respect to Term Loans may not be reborrowed.

Section 2.2 **[Reserved]**.

Section 2.3 **[Reserved]**.

Section 2.4 **Repayment of Loans**. The Borrower unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Term Loan of such Lender in installments payable on the dates set forth below, with each such installment being in the aggregate principal amount for all Lenders set forth opposite such date below (and on such other date(s) as may be required hereunder, and subject to any reduction in accordance with Sections 2.6 and 2.7):

Installment Date	Aggregate Principal Amount
December 31, 2019	$250,000
March 31, 2020	$250,000
June 30, 2020	$250,000
September 30, 2020	$250,000

provided that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loans shall be due and payable on the Maturity Date.

Section 2.5 **Evidence of Indebtedness**.

(a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each Term Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Term Loan Commitment of each Lender, (ii) the amount of each Term Loan made hereunder by each Lender, the Type thereof and, in the case of each Eurodollar Loan, the Interest Period applicable thereto, (iii) the date of any continuation of any Eurodollar Loan pursuant to Section 2.9, (iv) the date of any conversion of all or a portion of any Type of Loan to another Type pursuant to Section 2.9, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of the Term Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Term Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Term Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) This Agreement evidences the obligation of the Borrower to repay the Term Loans and is being executed as a "noteless" term loan agreement. However, at the request of any Lender at any time, the Borrower agrees that it will prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Term Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.6 **Optional Prepayments**. The Borrower shall have the right at any time and from time to time to prepay the Term Loans, in whole or in part, without premium or penalty, by giving written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of any prepayment of any Eurodollar Loan, 1:00 p.m. not less than three (3) Business Days prior to the date of such prepayment and (ii) in the case of any prepayment of any Base Rate Loan, no later than 1:00 p.m. on the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of Term Loan or portion thereof to be prepaid; provided that any such notice in connection with a repayment of the Term Loans may be conditioned upon the occurrence of another financing or transaction. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice (subject to the occurrence of any condition described above), together with accrued interest to such date on the amount so prepaid in accordance with Section 2.8(d); provided that if a Eurodollar Loan is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.15. Each prepayment made by the Borrower pursuant to this Section 2.6 shall be applied to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans (except during the Escrow Period with respect to any optional prepayment solely to the extent such optional prepayment, or any portion of any optional prepayment, is effected by applying the Escrow Funds to the Term Loans pursuant to Section 11.4(a), in which case each such optional prepayment (or portion of any optional prepayment) shall be made on a ratable basis to the Assignee Lenders based on each Assignee Lender's *pro rata* share of the aggregate

then-existing Escrow Funds), and applied to installments of the Term Loans in the manner specified by the Borrower or, if not so specified on or prior to the date of such optional prepayment, in direct order of maturity.

Section 2.7 **Mandatory Prepayments**.

(a) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds of any sale or disposition by Holdings or any of its Subsidiaries of any assets in an aggregate amount exceeding $250,000, the Borrower shall prepay the Obligations in an amount equal to the Net Cash Proceeds of such sale or disposition; provided, that (i) the Borrower shall not be required to prepay the Obligations with respect to proceeds from the sales or dispositions of assets in the ordinary course of business (including obsolete or worn-out equipment no longer useful in its business), and (ii) so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (a) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at SunTrust Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (a) shall also not apply solely to the extent that (A) the sale or disposition was consummated by any Insurance Subsidiary (or Subsidiary thereof) of any of such Insurance Subsidiary's assets (or the assets of a Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (a) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (a). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(b) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any casualty insurance policies or eminent domain, condemnation or similar proceedings, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (b) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at SunTrust Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (b) shall also not apply solely to the extent that (A) the Net Cash Proceeds of the casualty insurance policies or eminent domain, condemnation or similar proceedings were received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (b) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or

Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (b). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(c) No later than the first (1st) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any issuance of Indebtedness by Holdings or any of its Subsidiaries, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that the Borrower shall not be required to prepay the Obligations with respect to proceeds of Indebtedness permitted under Section 7.1; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (c) shall also not apply solely to the extent that (A) the Net Cash Proceeds of such Indebtedness were incurred and received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (c) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (c). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(d) No later than the first (1st) Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any proceeds from key man life insurance policies, the Borrower shall prepay the Obligations in an amount equal to all such proceeds. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(e) No later than the first (1st) Business Day following the occurrence of an Equity Monetization Event, the Borrower shall prepay the Obligations in full. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(f) Any prepayments made by the Borrower pursuant to subsection (a), (b), (c), (d) or (e) of this Section shall be applied as follows: first, to the Administrative Agent's fees and reimbursable expenses then due and payable pursuant to any of the Loan Documents and any amounts payable to the Lenders pursuant to Section 2.15; and second, to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans, and applied to installments of the Term Loans on a *pro rata* basis (excluding the final payment due on the Maturity Date); provided, that, after all regularly scheduled amortization payments have been made in full in accordance with Section 2.4, any remaining amounts required to be prepaid under this Section 2.7 shall be applied as a prepayment to the final payment that would otherwise be due on the Maturity Date until paid in full.

(g) The Borrower shall notify the Administrative Agent by written notice of any prepayment pursuant to clauses (a), (b), (c), (d) or (e) of this Section 2.7 not later than 11:00 a.m. (New York City time) one (1) Business Day before the date of prepayment. Each such notice shall specify the prepayment date (which shall be a Business Day), the principal amount of the Loans to be prepaid and a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. All prepayments of the Loans pursuant to clauses (a), (b), (c), (d) or (e) of this Section 2.7 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

(h) To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments for the events described in clauses (a), (b), (c) or (d) of this Section 2.7, the Borrower may pay a portion of the Net Cash Proceeds (or proceeds from key man life insurance policies, as applicable) derived from such events, determined on a Ratable Basis (as defined in the Intercreditor

Agreement), to the NPA Agent to prepay Indebtedness (but not any portion of the Make-Whole Amount (as defined in the Note Purchase Agreement)) in accordance with the terms of the Note Purchase Agreement. To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments following the occurrence of an Equity Monetization Event as described in clause (e) of this Section 2.7, the parties agree that such mandatory prepayments shall be made on a Ratable Basis (as defined in the Intercreditor Agreement) subject to and in accordance with the Intercreditor Agreement (including, for the avoidance of doubt, Section 5.15(a) of the Intercreditor Agreement).

Section 2.8 **Interest on Loans**.

(a) The Borrower shall pay interest on (i) each Base Rate Loan at the Base Rate plus the Applicable Margin and (ii) each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period then in effect plus the Applicable Margin.

(b) [Reserved].

(c) Notwithstanding subsection (a) of this Section, at the election of the Administrative Agent (or upon the written request of the Required Lenders), and automatically after the occurrence and during the continuance of an Event of Default pursuant to Section 8.1(a), (b), (g), (h) or (j)) if an Event of Default has occurred and is continuing, and automatically after acceleration or with respect to any past due amount hereunder, the Borrower shall pay interest ("Default Interest") with respect to all Eurodollar Loans at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for such Eurodollar Loans for the then-current Interest Period until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder, at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for Base Rate Loans.

(d) Interest on the principal amount of all Term Loans shall accrue from and including the date such Term Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Maturity Date. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months, on each day which occurs every three months after the initial date of such Interest Period, and on the Maturity Date. Interest on any Term Loan which is converted into a Term Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Term Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.9 **Conversion/Continuation**.

(a) Subject to Section 2.12 and so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the option:

(i) To convert at any time all or any part of any Term Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount from one Type of Term Loan to another Type of Term Loan; provided a Eurodollar Loan may only be converted on the expiration of the Interest Period applicable to such Eurodollar Loan unless the Borrower shall pay all amounts due under Section 2.15;

(ii) Upon the expiration of any Interest Period applicable to any Eurodollar Loan, to continue all or an portion of such Eurodollar Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount as a Eurodollar Loan.

(b) The Borrower shall deliver to the Administrative Agent a written notice (or a telephonic notice promptly confirmed in writing) of each Type of Term Loan that is to be converted or continued, as the case may be, substantially in the form of Exhibit 2.9 attached hereto (a "Notice of Conversion/Continuation") no later than 1:00 p.m. (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or the continuation of, an Eurodollar Loan). Each Notice of Conversion/Continuation shall be irrevocable, and the Borrower shall be bound to effect a conversion or continuation in accordance therewith.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Loan, the Borrower shall have failed to deliver a Notice of Conversion/Continuation, then, unless such Eurodollar Loan is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Eurodollar Loan to a Base Rate Loan.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof.

Section 2.10 **Fees**. The Borrower shall pay on the Closing Date to the Administrative Agent and its affiliates (for the account of the Persons entitled thereto in accordance with the terms thereof) all fees in the Fee Letters that are due and payable on or prior to (to the extent any such fees have not already been paid) the Closing Date.

Section 2.11 **Computation of Interest and Fees**.

Interest hereunder based on the Administrative Agent's prime lending rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and all fees hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of an interest rate or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.12 **Inability to Determine Interest Rates**.

(a) If, prior to the commencement of any Interest Period for any Eurodollar Loan:

(i) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (including, without limitation, because the Screen Rate is not available or published on a current basis) for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Required Lenders have reasonably determined that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period,

then the Administrative Agent shall give written notice thereof (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Eurodollar Loans requested to be made on the first day of such Interest Period which have not yet been incurred shall be deemed rescinded by the Borrower and (ii) all such affected Eurodollar Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Eurodollar Loans in accordance with this Agreement. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert a Type of Term Loan to Eurodollar Loans.

(b) If at any time the Administrative Agent reasonably determines in consultation with the Borrower that (i) the circumstances set forth in clause (a)(i) or (a)(ii) above have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) or (a)(ii) above have not arisen but either (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate benchmark rate of interest to the Screen Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time (any such proposed rate a "Eurodollar Successor Rate"), and shall enter into an amendment to this Agreement to reflect such alternate rate of interest together with any Eurodollar Successor Rate Conforming Changes and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin). Notwithstanding anything to the contrary in Section 10.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.12(b), only to the extent the Screen Rate for the applicable currency and/or such Interest Period is not available or published at such time on a current basis (x) any Notice of Conversion/Continuation that requests the conversion of any Base Rate Loan to, or continuation of any Eurodollar Loan as, a Eurodollar Loan shall be ineffective, (y) any outstanding Eurodollar Loan shall be converted to a Base Rate Loan on the last day of the current Interest Period applicable thereto and the obligation of Lenders to make or maintain Eurodollar Loans shall be suspended (to the extent of the affected Eurodollar Loans or Interest Periods), and (z) the Adjusted LIBO Rate component shall no longer be utilized in determining the Base Rate; provided, that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Section 2.13 **Illegality**. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Types of Term Loans as or into Eurodollar Loans, shall be suspended. If the affected Eurodollar Loan is then outstanding, such Eurodollar Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such

Eurodollar Loan if such Lender may lawfully continue to maintain such Eurodollar Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, use reasonable efforts to designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.14 **Increased Costs**.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

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

(iii) impose on any Lender or the eurodollar interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or any Eurodollar Loans made by such Lender (except any such requirement reflected in the Adjusted LIBO Rate);

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to increase the cost to such Lender,

then, from time to time, such Lender may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such increased costs or reduced amounts, and within ten (10) Business Days after receipt of such notice and demand, the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for any such increased costs incurred or reduction suffered.

(b) If any Lender shall have determined that any Change in Law regarding capital or liquidity ratios or requirements has or would have the effect of reducing the rate of return on such Lender's capital (or on the capital of the Parent Company of such Lender) as a consequence of its obligations hereunder to a level below that which such Lender or such Parent Company could have achieved but for such Change in Law (taking into consideration such Lender's policies or the policies of such Parent Company with respect to capital adequacy and liquidity), then, from time to time, such Lender may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such reduced amounts, and within ten (10) Business Days after receipt of such notice and demand the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or such Parent Company for any such reduction suffered.

(c) A certificate of such Lender setting forth the amount or amounts necessary to compensate such Lender or the Parent Company of such Lender specified in subsection (a) or (b) of this Section shall be delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrowers shall not be required to compensate any Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6)-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.15 **Funding Indemnity**. In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked but other than as a result of a notice pursuant to Sections 2.12 or 2.13), then, in any such event, the Borrower shall compensate each Lender, within ten (10) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.16 **Taxes**.

(a) Defined Terms. For purposes of this Section 2.16, the term "applicable law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.4(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower or any other Loan Party to a Governmental Authority pursuant to this Section 2.16, the Borrower or other Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

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

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

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit 2.16A to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16B or Exhibit 2.16C, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender

may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16D on behalf of each such direct and indirect partner;

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

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

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

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than

the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Term Loan Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.17 **Payments Generally; Pro Rata Treatment; Sharing of Set-offs**.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 2:00 p.m. on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied as follows: first, to all fees, indemnities and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents; second, to all reimbursable expenses of the Lenders then due and payable pursuant to any of the Loan Documents, *pro rata* to the Lenders based on their respective *pro rata* shares of such fees and expenses; third, to all interest and fees then due and payable hereunder, *pro rata* to the Lenders based on their respective *pro rata* shares of such interest and fees; and fourth, to all principal of the Term Loans then due and payable hereunder, *pro rata* to the parties entitled thereto based on their respective *pro rata* shares of such principal.

(c) Other than in the case of any Lender exercising remedies solely with respect to, or receiving prepayments solely from, the Escrow Funds as set forth in Article XI hereof and the Escrow Agreements, if any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Term Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of Term Loans and accrued interest and fees thereon than the proportion received by any other Lender with respect to its Term Loans, then the Lender receiving such greater proportion shall purchase (for cash at face value) Term Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this subsection shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a

participation in any of its Term Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

Section 2.18 **[Reserved]**.

Section 2.19 **Mitigation of Obligations**. If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Term Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.14 or Section 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.20 **Replacement of Lenders**. If (a) any Lender gives notice under Section 2.13, (b) any Lender requests compensation under Section 2.14, (c) the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, (d) any Lender is a Defaulting Lender or (e) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.2(b), the consent of the Required Lenders shall have been obtained but the consent of one or more of such other Lenders (each a "Non-Consenting Lender") whose consent is required shall not have been obtained, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.14 or 2.16, as applicable) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender) (a "Replacement Lender"); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (to the extent such consent is required for an assignment to such Replacement Lender pursuant to Section 10.4(b)), which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), and (iii) in the case of a notice under Section 2.13, a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16,

such assignment will result in elimination of the applicable illegality or a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Upon receipt by the Lender being replaced of all amounts required to be paid by it pursuant to this Section 2.20, such Lender shall execute an Assignment and Acceptance within two Business Days of the date on which the Replacement Lender executes and delivers such Assignment and Assumption to the Lender (or such executed Assignment and Assumption is delivered by the Administrative Agent on behalf of the Replacement Lender). If the Lender does not execute such Assignment and Acceptance within such two Business Days, then such Lender shall be deemed to have executed and delivered the Assignment and Assumption without any action on the part of the Lender and the Assignment and Assumption so executed by the Replacement Lender shall be effective for the purposes of this Section 2.20 and Section 10.4.

Section 2.21 **Defaulting Lenders**.

(a) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and in Section 10.2.

(b) If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will cease to be a Defaulting Lender; provided that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS

Section 3.1 **Conditions to Effectiveness**. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, including, without limitation, reimbursement or payment of all out-of-pocket expenses of the Administrative Agent, the Arranger and their Affiliates (including reasonable fees, charges and disbursements of one firm of outside counsel for the Administrative Agent, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or the Arranger (including the Fee Letters).

(b) The Administrative Agent (or its counsel) shall have received the following, each to be in form and substance satisfactory to the Administrative Agent:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may

include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) a certificate of the Secretary or Assistant Secretary of each Loan Party in the form of Exhibit 3.1(b)(ii), attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Loan Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;

(iii) certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Loan Party;

(iv) written opinions of Latham & Watkins LLP and Squire Patton Boggs LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders);

(v) a certificate in the form of Exhibit 3.1(b)(v), dated the Closing Date and signed by a Responsible Officer, certifying that immediately after giving effect to consummation of the transactions contemplated to occur on the Closing Date, including consummation of the transactions contemplated hereby and under the Note Purchase Agreement, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects), (C) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect and (D) (x) the Liquidity of the Borrower and the Guarantors shall be no less than $250,000,000 and (y) the Statutory Surplus of RIC is not less than $100,000,000;

(vi) [reserved];

(vii) certified copies of all consents, approvals, authorizations, registrations and filings and orders required to be made or obtained under any Requirement of Law, or by any Material Agreement of any Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated hereby or thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting

periods shall have expired, and no investigation or inquiry by any Governmental Authority regarding the Term Loans shall be ongoing;

(viii) [reserved];

(ix) a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI hereof as of September 30, 2019, calculated on a *pro forma* basis as if the NPA Financing had been consummated as of the first day of the relevant period for testing compliance (and setting forth in reasonable detail such calculations);

(x) evidence that (a) the Note Purchase Agreement shall have been executed and delivered by the parties thereto on terms and conditions acceptable to the Administrative Agent and (b) the NPA Notes shall have been issued by the Borrower in accordance with the terms of the Note Purchase Agreement;

(xi) the Reaffirmation Agreement, duly executed by the Loan Parties and in form and substance reasonably satisfactory to the Administrative Agent;

(xii) the Intercreditor Agreement, in form and substance satisfactory to the Administrative Agent, duly executed by each of the parties thereto;

(xiii) [reserved];

(xiv) a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming that the Loan Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Closing Date;

(xv) copies of all Material Agreements listed on Schedule 3.1(b)(xv) that were not been provided in connection with the Existing Credit Agreement;

(xvi) the Escrow Agreements together with evidence that the Borrower shall have remitted $24,937,500.00 to the Escrow Agent in connection therewith; and

(xvii) delivery of such other documents, certificates, information or legal opinions as the Administrative Agent or any Lender shall have reasonably requested prior to the Closing Date.

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

Section 3.2 **Effect of Amendment and Restatement**. Upon this Agreement becoming effective pursuant to Section 3.1, from and after the Closing Date: (i) the Term Loans (as defined in the Existing Credit Agreement) shall be deemed to be continued as the Term Loans outstanding hereunder (as the same have been reallocated after giving effect to the SVB Assignment); (ii) all terms and conditions of the Existing Credit Agreement and any other "Loan Document" as defined therein, as amended and

restated by this Agreement and the other Loan Documents being executed and delivered on the Closing Date, shall be and remain in full force and effect, as so amended and restated, and shall constitute the legal, valid, binding and enforceable obligations of the Loan Parties to the Lenders and the Administrative Agent; (iii) the terms and conditions of the Existing Credit Agreement shall be amended and restated as set forth herein and, as so amended and restated, shall be restated in their entirety, but shall be amended only with respect to the rights, duties and obligations among Holdings, the Borrower, the other Loan Parties, the Lenders and the Administrative Agent accruing from and after the Closing Date; (iv) this Agreement shall not in any way release or impair the rights, duties, Obligations or Liens created pursuant to the Existing Credit Agreement or any other "Loan Document" as defined therein or affect the relative priorities thereof, in each case to the extent in force and effect thereunder as of the Closing Date, except as modified hereby or by documents, instruments and agreements executed and delivered in connection herewith, and all of such rights, duties, Obligations and Liens are assumed, ratified and affirmed by the Borrower; (v) all indemnification obligations of the Loan Parties under the Existing Credit Agreement and any other "Loan Document" as defined therein shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Lenders, the Administrative Agent, and any other Person indemnified under the Existing Credit Agreement or such other Loan Document at any time prior to the Closing Date; (vi) the Obligations incurred under the Existing Credit Agreement shall, to the extent outstanding on the Closing Date, continue to be outstanding under this Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Agreement, and this Agreement shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder; (vii) the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Credit Agreement, nor constitute a waiver of any covenant, agreement or obligation under the Existing Credit Agreement, except to the extent that any such covenant, agreement or obligation is no longer set forth herein or is modified hereby; and (viii) any and all references in the Loan Documents to the Existing Credit Agreement shall, without further action of the parties, be deemed a reference to the Existing Credit Agreement, as amended and restated by this Agreement, and as this Agreement shall be further amended, modified, supplemented or amended and restated from time to time hereafter in accordance with the terms of this Agreement.

Section 3.3 **Delivery of Documents**. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and in sufficient counterparts or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1 **Existence; Power**. Holdings and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to (a) carry on its business as now conducted except where a failure could not reasonably be expected to result in a Material Adverse Effect and (b) execute, deliver and perform its obligations under the Loan Documents to which it is a party (if any), and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2 **Organizational Power; Authorization**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of the Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3 **Governmental Approvals; No Conflicts; No Default**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Loan Documents, (b) will not materially violate (i) any Requirement of Law applicable to Holdings or any of its Subsidiaries or (ii) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or any of its Subsidiaries (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any of its Subsidiaries, except Liens (if any) created under the Loan Documents and Liens permitted under Section 7.2. As of the Closing Date no Default or Event of Default has occurred and is continuing. As of the Closing Date, neither the Borrower nor any Subsidiary is in default under or with respect to any Material Agreement in any respect that individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

Section 4.4 **Financial Statements**. The Borrower has furnished to each Lender (i) the audited consolidated balance sheet of the Borrower and its Subsidiaries as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte, (ii) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of September 30, 2019, and the related unaudited consolidated statements of income and cash flows for the Fiscal Month and year-to-date period then ended, certified by a Responsible Officer and (iii) the audited consolidated balance sheet of RIC as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte (the foregoing items (i)-(iii), collectively, the "Historical Financial Statements"). Such financial statements fairly present the consolidated financial condition of (A) in the case of clauses (i) and (ii), the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) and (B) in the case of clause (iii), RIC and the consolidated results of operations for such periods in conformity with SAP consistently applied. Since December 31, 2018, there have been no changes with respect to the Borrower and its Subsidiaries which have had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.5 **Litigation and Environmental Matters**.

(a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings, the Borrower or any of their respective Subsidiaries (i) as to which there is a

reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Except for the matters set forth on Schedule 4.5 and matters that could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim against it with respect to any Environmental Liability or (iv) has actual knowledge of any facts or circumstances that could reasonably be expected to give rise to an Environmental Liability.

Section 4.6 **Compliance with Laws and Agreements**. Holdings and each of its Subsidiaries is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7 **Investment Company Act**. Neither Holdings nor any of its Subsidiaries is (a) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended and in effect from time to time, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur its Obligations under the Loan Documents or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

Section 4.8 **Taxes**. Holdings and its Subsidiaries have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all material taxes due and payable (whether or not shown on such returns) or on any assessments made against it or its property and all other material taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of Holdings and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9 **Margin Regulations**. None of the proceeds of any of the Term Loans were used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.10 **ERISA**.

(a) Each Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that it meets the requirements of Section 401(a) of the Code, or is comprised of a master or prototype plan that has received a favorable opinion letter from the IRS, and, to the knowledge of Holdings or the Borrower, nothing has occurred since the date of such determination or opinion letter that would adversely affect such qualification. Except as could not reasonably be expected to result in Material Adverse Effect, (i) each Plan is in compliance in form and operation with its terms and with ERISA and the Code (including, without limitation, the Code provisions compliance with which is necessary for any intended favorable tax treatment) and all other applicable laws

and regulations, (ii) no ERISA Event has occurred or, to the knowledge of Holdings or the Borrower, is reasonably expected to occur; (iii) there exists no Unfunded Pension Liability with respect to any Plan; (iv) there are no actions, suits or claims pending against or involving a Plan (other than routine claims for benefits) or, to the knowledge of Holdings or the Borrower, any of their respective Subsidiaries or any ERISA Affiliate, threatened; and (v) none of Holdings, any of its Subsidiaries or any ERISA Affiliate have, within the past five calendar years, ceased operations at a facility so as to become subject to the provisions of Section 4068(a) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions to any Plan subject to Section 4064(a) of ERISA to which it made contributions. None of Holdings, any of its Subsidiaries or any ERISA Affiliate is, has or had, within any of the five calendar years immediately preceding the date this assurance is given or deemed given, made or been required to make contributions to any Multiemployer Plan.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) each Non-U.S. Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities; (ii) neither Holdings nor any of its Subsidiaries has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Plan; and (iii) the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Plan, determined as of the end of Holdings' most recently ended fiscal year on the basis of reasonable actuarial assumptions, did not exceed the current value of the assets of such Non-U.S. Plan allocable to such benefit liabilities.

Section 4.11 **Ownership of Property; Intellectual Property; and Insurance**.

(a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Borrower referred to in Section 4.4 or purported to have been acquired by the Borrower or any of its Subsidiaries after said date (except as sold or otherwise disposed of in the ordinary course of business or otherwise as permitted under Section 7.6 of this Agreement), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of Holdings and its Subsidiaries are valid and subsisting and are in full force.

(b) Each of Holdings and its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except for such Intellectual Property the failure of which to own or license would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Borrower, (a) the conduct and operations of the businesses of Holdings and its Subsidiaries does not infringe, misappropriate, dilute or violate any Intellectual Property owned by any other Person and (b) no other Person has contested any right, title or interest of Holdings or its Subsidiaries in, or relating to, any Intellectual Property, other than, in each case, as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

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

(d) As of the Closing Date, neither the Borrower nor any of its Subsidiaries owns a fee interest in any Real Estate.

Section 4.12 **Disclosure**.

(a) Holdings and the Borrower have disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which Holdings, the Borrower or any of their respective Subsidiaries is subject, and all other matters known to any of them, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports (including, without limitation, all reports that an Insurance Subsidiary is required to file with any regulatory agency), financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being acknowledged and understood that such information is subject to material contingencies and assumptions, many of which are beyond the Borrower's control, and that actual results may differ materially from such information and that such projections are not a guarantee of financial performance).

(b) As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

Section 4.13 **Labor Relations**. Except as could not reasonably be expected to result in a Material Adverse Effect, (i) there are no strikes, lockouts or other material labor disputes or grievances against Holdings or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against or affecting Holdings or the Borrower or any of their respective Subsidiaries; (ii) significant unfair labor practice charges or grievances are pending against the Borrower or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against any of them before any Governmental Authority; and (iii) all payments due from Holdings or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of Holdings or any such Subsidiary.

Section 4.14 **Subsidiaries**. Schedule 4.14 sets forth the name of, the ownership interest of the applicable Loan Party in, the jurisdiction of incorporation or organization of, and the type of each Subsidiary of Holdings and the other Loan Parties and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Closing Date. As of the Closing Date, all of the issued and outstanding Capital Stock of the Subsidiaries owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable free and clear of all Liens. As of the Closing Date, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell or convertible interests by Holdings or any Subsidiary of Holdings relating to Capital Stock of Holdings or any Subsidiary of Holdings, other than (i) the Closing Date Warrants (as defined in the Note Purchase Agreement), (ii) warrants issued to Silicon Valley Bank to purchase 97,960 shares of Holdings' Series B Preferred Stock and 500,000 shares of Holdings' Series A-3 Preferred Stock and (iii) equity awards issued pursuant to an equity incentive plan of Holdings or any Subsidiary of Holdings or other compensation arrangements with employees of Holdings or any Subsidiary of Holdings.

Section 4.15 **Solvency**. After giving effect to the execution and delivery of the Loan Documents, the consummation of the NPA Financing, including the issuance of the NPA Notes and any other transactions contemplated thereunder on the Closing Date, and the use of proceeds of the NPA Notes in connection therewith on the Closing Date, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

Section 4.16 **Deposit and Disbursement Accounts**. Schedule 4.16 lists all banks and other financial institutions at which any Loan Party maintains deposit accounts, lockbox accounts, disbursement accounts, investment accounts or other similar accounts as of the Closing Date, and such Schedule correctly identifies the name, address and telephone number of each financial institution, the name in which the account is held, the type of the account, and the complete account number therefor.

Section 4.17 **Collateral Documents**.

(a) The Guaranty and Security Agreement (including as reaffirmed by the Reaffirmation Agreement) is effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable security interest in the Collateral (as defined therein), and the Liens created under the Guaranty and Security Agreement constitute fully perfected Liens (to the extent that such Lien may be perfected by the filing of a UCC financing statement) on, and security interest in, all right, title and interest of the grantors thereunder in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement. Subject to the Intercreditor Agreement, when the certificates evidencing Capital Stock that constitutes "certificated securities" pledged pursuant to the Guaranty and Security Agreement are delivered to the Administrative Agent, together with appropriate stock powers or other similar instruments of transfer duly executed in blank, the Liens in such Capital Stock shall be fully perfected first priority security interests, perfected by "control" as defined in the UCC.

(b) When, if applicable, the Patent Security Agreements and the Trademark Security Agreements are filed in the United States Patent and Trademark Office and the Copyright Security Agreements are filed in the United States Copyright Office, the Liens created by Guaranty and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Patents, Trademarks and Copyrights, if any, in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(c) Each Mortgage, if any, when duly executed and delivered by the relevant Loan Party, will be effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable Lien on all of such Loan Party's right, title and interest in and to the Real Estate of such Loan Party covered thereby and the proceeds thereof, and when such Mortgage is filed in the real estate records where the respective Mortgaged Property is located, such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of such Loan Party in such Real Estate and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(d) No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, except to the extent that the applicable Loan Party maintains flood insurance with respect to such improved real property in compliance with the requirements of Section 5.8.

Section 4.18 **Material Agreements**. As of the Closing Date, all Material Agreements of the Borrower and its Subsidiaries are described on Schedule 4.18, and each such Material Agreement is in full force and effect. As of the Closing Date, the Borrower does not have any knowledge of any pending amendments or threatened termination of any of the Material Agreements. As of the Closing Date, the Borrower has delivered to the Administrative Agent a true, complete and correct copy of each Material Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith) listed on Schedule 3.1(b)(xv).

Section 4.19 **Insurance Licenses**. No Insurance License of the Borrower or any Insurance Subsidiary, the loss of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To the best of the Borrower's knowledge, there is no sustainable basis for a suspension or revocation of any Insurance License of the Borrower or any Insurance Subsidiary which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, and no such suspension or revocation has been threatened by any Governmental Authority which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section 4.20 **Sanctions and Anti-Corruption Laws**.

(a) None of Holdings or any of its Subsidiaries or any of their respective directors, officers, employees, agents or affiliates is a Sanctioned Person. No Term Loans, use of proceeds, or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws, the PATRIOT Act, or Sanctions.

(b) Holdings, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of Holdings and the Borrower, the agents of Holdings and its Subsidiaries, are in compliance with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote continued compliance therewith.

Section 4.21 **EEA Financial Institutions.** No Loan Party is an EEA Financial Institution.

ARTICLE V

AFFIRMATIVE COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section 5.1 **Financial Statements and Other Information**. Holdings will deliver to the Administrative Agent for delivery to each Lender:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Holdings, a copy of the annual audited report for such Fiscal Year for Holdings and its Subsidiaries (commencing with the Fiscal Year ended December 31, 2019), containing a consolidated and consolidating balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Year and the related consolidated and consolidating statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by

Deloitte or other independent public accountants of nationally recognized standing (which may have a "going concern" or like qualification, exception or explanation for the Fiscal Year ending December 31, 2019 solely as a result of the impending Maturity Date but without any other qualification as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP;

(b) as soon as available and in any event within 60 days (or in the case of any audited statements and risk-based capital reports required to be delivered pursuant to this clause (b), 180 days) after the end of each Fiscal Year of each Insurance Subsidiary (commencing, in the case of any audited statements and risk-based capital reports required to be delivered, with the Fiscal Year ended December 31, 2019), the annual statement of such Insurance Subsidiary (prepared in accordance with SAP) for such Fiscal Year and as filed with the Insurance Regulatory Authorities of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such annual statement and any audited statements and risk-based capital reports, in each case which are required by such Insurance Regulatory Authorities);

(c) as soon as available and in any event (i) within 30 days after the end of each Fiscal Month (commencing with the Fiscal Month ended October 31, 2019) of Holdings, an unaudited consolidated and consolidating balance sheets of Holdings and its Subsidiaries as of the end of such Fiscal Month and the related unaudited consolidated and consolidating statements of income and cash flows of Holdings and its Subsidiaries for such Fiscal Month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Month and the corresponding portion of Holdings' previous Fiscal Year and the corresponding figures for the budget for the current Fiscal Year, together with a monthly reporting package consistent with Exhibit 5.1(c) (provided, that delivery of such monthly reporting package shall commence for the Fiscal Month ending January 31, 2020); (ii) within 30 days after the end of each Fiscal Quarter, quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP), consisting of balance sheet, income statement and cash flows of each Insurance Subsidiary; and (iii) within 45 days after the end of each Fiscal Quarter (or 60 days after the end of each Fiscal Quarter ending December 31), quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP) as filed with the Insurance Regulatory Authority of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such financial statements as required by such Insurance Regulatory Authority);

(d) concurrently with the delivery of the financial statements referred to in subsections (a) and (c)(i) of this Section, a Compliance Certificate;

(e) [reserved];

(f) as soon as available and in any event within 30 days after the end of the calendar year, forecasts and a pro forma budget for the succeeding Fiscal Year, containing an income statement, balance sheet, statement of cash flow and projected dividend capacity;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed with any Insurance Regulatory Authority, the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be;

(h) promptly following the delivery to or receipt by Holdings, the Borrower or any of their respective Subsidiaries thereof, (i) a copy of any regular or periodic final examination reports or results of any market conduct examination or examination by the applicable Insurance Regulatory

Authority or the NAIC of the financial condition and operations of, or any notice of any finding as to a violation of any Requirement of Law from an Insurance Regulatory Authority, or (ii) any other report with respect to any Insurance Subsidiary (including any summary report from the NAIC with respect to the performance of such Insurance Subsidiary as measured against the ratios and other financial measurements developed by the NAIC under its Insurance Regulatory Information System as in effect from time to time) that would reasonably be expected to result in a Material Adverse Effect;

(i) promptly following receipt thereof, (i) a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each Insurance Subsidiary that is provided to the applicable Insurance Regulatory Authority or other applicable Governmental Authority (or equivalent information should such Governmental Authority no longer require such a statement) as to the adequacy of reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the applicable Insurance Regulatory Authority and (ii) each audit of any Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(j) promptly following any request therefor, (i) such other information regarding the results of operations, business affairs and financial condition of Holdings or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Notwithstanding the foregoing or anything in Section 5.2 to the contrary, Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Holdings and the Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on the Platform and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked

"PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

Section 5.2 **Notices of Material Events**.

(a) The Borrower will furnish to the Administrative Agent for delivery to each Lender prompt (and, in any event, not later than three (3) Business Days after a Responsible Officer becomes aware thereof) written notice of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Holdings or the Borrower, affecting Holdings, the Borrower or any of their respective Subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(iii) the occurrence of any event or any other development by which Holdings or any of its Subsidiaries (A) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (B) becomes subject to any Environmental Liability, (C) receives notice of any claim with respect to any Environmental Liability, or (D) becomes aware of any basis for any Environmental Liability, in each case which, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(iv) promptly and in any event within 15 days after (A) Holdings, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a certificate of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, proposed to be taken with respect to such ERISA Event and a copy of any notice filed with the PBGC or the IRS pertaining to such ERISA Event and any notices received by Holdings, such Subsidiary or such ERISA Affiliate from the PBGC or any other governmental agency with respect thereto, and (B) becoming aware (1) that there has been an increase in Unfunded Pension Liabilities (not taking into account Plans with negative Unfunded Pension Liabilities) since the date the representations hereunder are given or deemed given, or from any prior notice, as applicable, (2) of the existence of any Withdrawal Liability, (3) of the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by Holdings, any of its Subsidiaries or any ERISA Affiliate, or (4) of the adoption of any amendment to a Plan subject to Section 412 of the Code which results in a material increase in contribution obligations of Holdings, any of its Subsidiaries or any ERISA Affiliate, a detailed written description thereof from a Responsible Officer of the Borrower;

(v) the occurrence of any default or event of default, or the receipt by Holdings or any of its Subsidiaries of any written notice of an alleged default or event of default, with respect to any Material Indebtedness of Holdings or any of its Subsidiaries;

(vi) any material amendment or modification to any Material Agreement (together with a copy thereof), and prompt notice of any termination, expiration or loss of any Material Agreement that, individually or in the aggregate, could reasonably be expected to result in a reduction in revenue of the Loan Parties of 10% or more on a consolidated basis from the prior Fiscal Year;

(vii) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) and (d) of such certification;

(viii) any amendment, waiver, supplement, or other modification of any Subordinated Debt Document or Note Document; and

(ix) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(b) The Borrower will furnish to the Administrative Agent and each Lender the following:

(i) promptly and in any event at least 30 days prior thereto (or such later date as agreed in writing by the Administrative Agent), notice of any change (i) in any Loan Party's legal name, (ii) in any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Loan Party's identity or legal structure, (iv) in any Loan Party's federal taxpayer identification number or organizational number or (v) in any Loan Party's jurisdiction of organization;

(ii) promptly and in any event within 30 days after receipt thereof: (x) each actuarial report for each Insurance Subsidiary; and (y) each audit of an Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(iii) as soon as available and in any event within 30 days after receipt thereof, a copy of any environmental report or site assessment obtained by or for Holdings or any of its Subsidiaries after the Closing Date on any Real Estate.

(c) The Borrower shall promptly (and in any event within 7 days) notify the Administrative Agent of the formation or acquisition of any Insurance Subsidiary or Subsidiary of an Insurance Subsidiary or if any Subsidiary of the Borrower has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License.

Each notice or other document delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice or other document and any action taken or proposed to be taken with respect thereto.

Section 5.3 **Existence; Conduct of Business**. Holdings will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and the Intellectual Property that is material to the conduct of its business; provided that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3 or any disposition permitted under Section 7.6.

Section 5.4 **Compliance with Laws**. Holdings will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Holdings will maintain in effect and enforce policies and

procedures designed to promote and achieve compliance by Holdings, its Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions.

Section 5.5 **Payment of Obligations**. Holdings will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity all of its obligations and liabilities (including, without limitation, all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and Holdings or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make such payment could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6 **Books and Records**. Holdings will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in all material respects shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Holdings and its Subsidiaries in conformity with GAAP or SAP, as applicable.

Section 5.7 **Visitation and Inspection**. Holdings and the Borrower will, and will cause each of their respective Subsidiaries to, permit any representative of the Administrative Agent or any Lender to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants (provided that representatives of the Borrower shall be permitted to be present at any discussion with such accountants), all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to Holdings or the Borrower; provided that (a) so long as no Event of Default shall have occurred and be continuing, the Administrative Agent and the Lenders shall not make more than one such visit and inspection at the expense of the Borrower in any Fiscal Year, (b) if an Event of Default has occurred and is continuing, no prior notice shall be required and (c) Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Section 5.8 **Maintenance of Properties; Insurance**. Holdings will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, (b) maintain with financially sound and reputable insurance companies which are not Affiliates of Holdings (i) insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations (including, in any event, flood insurance as described in the definition of Real Estate Documents), (ii) key man life insurance policies consistent with those in place as of the Closing Date, and (iii) (A) all insurance required to be maintained pursuant to the Collateral Documents, and will, upon request of the Administrative Agent, furnish to each Lender at reasonable intervals (but in no event more than once per Fiscal Year) a certificate of a Responsible Officer setting forth the nature and extent of all insurance maintained by the Borrower and its Subsidiaries in accordance with

this Section and (B) reinsurance of the types and in amounts no less than as required pursuant to Section 7.15(d), and comply with all requirements and covenants set forth in the applicable reinsurance agreements in all material respects, and (c) at all times shall name the Administrative Agent as additional insured on all liability policies of the Borrower and its Subsidiaries and as loss payee (pursuant to a loss payee endorsement approved by the Administrative Agent) on all casualty and property insurance policies of the Borrower and its Subsidiaries.

Section 5.9 **[Reserved]**.

Section 5.10 **Casualty and Condemnation**. The Borrower (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any material portion of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Cash Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

Section 5.11 **Cash Management**. Holdings and the Borrower shall, and shall cause each of its respective Subsidiaries that are Loan Parties to:

(a) maintain all cash management and treasury business with SunTrust Bank or a Permitted Third Party Bank, including, without limitation, all deposit accounts, disbursement accounts, investment accounts and lockbox accounts (other than (i) zero-balance accounts, (ii) accounts so long as the aggregate balance in all such accounts does not exceed $250,000 at any time, and (iii) payroll, withholding, trust, escrow, impound and other fiduciary accounts, all of which the Loan Parties may maintain without restriction) (each such non-excluded deposit account, disbursement account, investment account and lockbox account, a "Controlled Account"); each Controlled Account shall be a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations, and in which the Borrower and each of the other Loan Parties shall, subject to the Intercreditor Agreement, have granted a first priority Lien to the Administrative Agent, on behalf of the Secured Parties, perfected either automatically under the UCC (with respect to Controlled Accounts at SunTrust Bank) or subject to Control Account Agreements; provided that the Loan Parties shall have 60 days (or such later date as may be agreed in writing by the Administrative Agent) after the acquisition of a new Controlled Account (pursuant to any Permitted Acquisition or other Investment permitted by Section 7.4) to obtain a Control Account Agreement over such acquired Controlled Accounts; provided, further, that notwithstanding the foregoing and for the avoidance of doubt, (A) the Escrow Accounts and Escrow Funds on deposit therein shall not constitute assets of any Loan Party, but, alternatively, in the event that the Escrow Accounts or Escrow Funds are deemed to be assets of any Loan Party, the Escrow Accounts and Escrow Funds shall be Excluded Property (and therefore not be "Collateral" or "Controlled Accounts" as defined hereunder or under the Collateral Documents) and (B) the Escrow Funds shall not be subject to the Intercreditor Agreement in any respect.

(b) deposit promptly, and in any event no later than 10 Business Days after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other Collateral into Controlled Accounts, in each case except for cash and Permitted Investments the aggregate value of which does not exceed $250,000 at any time; and

(c) subject to the Intercreditor Agreement, at any time after the occurrence and during the continuance of an Event of Default, at the request of the Required Lenders, Holdings and the Borrower will, and will cause each other Loan Party to, cause all payments constituting proceeds of

accounts or other Collateral to be directed into lockbox accounts under agreements in form and substance reasonably satisfactory to the Administrative Agent.

Section 5.12 **Additional Subsidiaries and Collateral**.

(a) In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary, whether pursuant to formation, acquisition or otherwise, (x) the Borrower shall promptly notify the Administrative Agent and the Lenders thereof and (y) within 30 days after such Person becomes a Subsidiary (other than (a) any Insurance Subsidiary, (b) any Subsidiary of an Insurance Subsidiary or (c) any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License) (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall cause such Subsidiary (i) to become a new Guarantor and to grant Liens in favor of the Administrative Agent in all of its personal property (other than Excluded Property) by executing and delivering to the Administrative Agent a supplement to the Guaranty and Security Agreement in form and substance reasonably satisfactory to the Administrative Agent, executing and delivering a Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, as applicable, and authorizing and delivering, at the request of the Administrative Agent, such UCC financing statements or similar instruments required by the Administrative Agent to perfect the Liens in favor of the Administrative Agent and granted under any of the Loan Documents (it being understood and agreed that, with respect to any Foreign Subsidiary, this clause (i) shall include the granting of Liens and taking of all perfection actions under the local laws of such Foreign Subsidiary's jurisdiction of formation as may be reasonably required by the Administrative Agent), (ii) to grant Liens in favor of the Administrative Agent in all interests in Real Estate (other than Excluded Property) to the extent required by Section 5.13 by executing and delivering to the Administrative Agent such Real Estate Documents as the Administrative Agent shall reasonably require, and (iii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches, title insurance policies, surveys, environmental reports and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 3.1 if such Subsidiary had been a Loan Party on the Closing Date or that such Subsidiary would be required to deliver pursuant to Section 5.13 with respect to any Real Estate. In addition, within 30 days after the date any Person becomes a direct Subsidiary of a Loan Party (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall, or shall cause the applicable Loan Party to (i) pledge all of the Capital Stock of such Subsidiary directly owned by a Loan Party (other than Excluded Property) to the Administrative Agent as security for the Obligations by executing and delivering a supplement to the Guaranty and Security Agreement in form and substance satisfactory to the Administrative Agent, and (ii) subject to the Intercreditor Agreement, deliver the original certificates evidencing such pledged Capital Stock (other than Excluded Property) to the Administrative Agent, together with appropriate powers executed in blank; provided, that (1) if such Person that becomes a Subsidiary is an Insurance Subsidiary, a Subsidiary of an Insurance Subsidiary or any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, this requirement to pledge all of the Capital Stock of such Person shall not apply only to the extent the pledge thereof is (or would be) deemed a change of control of such Person or is (or would be) otherwise prohibited by applicable law or regulations and (2) in the case of any Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, it is understood and agreed that until such approval is obtained, such Subsidiary shall not transact business or hold any material assets. For the avoidance of doubt, (x) in no event shall any Insurance Company, Subsidiary of an Insurance Company or any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License be required to become a Subsidiary Loan Party, a Loan Party or a Guarantor hereunder; however, for the avoidance of doubt, in the case of the

Persons described in clause (1) immediately above, each such Person shall be subject to the applicable covenants contained herein and (y) subject to Section 5.15, the Capital Stock of RRC shall be pledged and perfected under the laws of Cayman Islands (to the extent not prohibited thereunder).

(b) Subject to the Intercreditor Agreement, the Borrower agrees that, following the delivery of any Collateral Documents required to be executed and delivered by this Section, the Administrative Agent shall have a valid and enforceable, first priority perfected Lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such Lien can be perfected by execution, delivery and/or recording of the Collateral Documents or UCC financing statements, or possession of such Collateral), free and clear of all Liens other than Liens expressly permitted by Section 7.2. All actions to be taken pursuant to this Section shall be at the expense of the Borrower or the applicable Loan Party, and shall be taken to the reasonable satisfaction of the Administrative Agent.

Section 5.13 **Additional Real Estate; Leased Locations**.

(a) To the extent otherwise permitted hereunder, if any Loan Party proposes to acquire a fee ownership interest in Real Estate with a fair market value in excess of $5,000,000 after the Closing Date, it shall at the time of such acquisition provide to the Administrative Agent Real Estate Documents in regard to such Real Estate.

(b) To the extent otherwise permitted hereunder, if any Loan Party proposes to lease any Real Estate, it shall first provide to the Administrative Agent a copy of such lease and a Collateral Access Agreement from the landlord of such leased property or the bailee with respect to any warehouse or other location where such books, records or Collateral will be stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to the Administrative Agent; provided that if such Loan Party is unable to deliver any such Collateral Access Agreement after using its commercially reasonable efforts to do so, the Administrative Agent may waive the foregoing requirement in its reasonable discretion.

Section 5.14 **Further Assurances**. Holdings will, and will cause each other Loan 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 and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties; provided that in no event shall the Loan Parties be required to grant any Lien to secure the Obligations over any Excluded Property. The Borrower also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

Section 5.15 **Post-Closing Matters.** Within sixty (60) days after the Closing Date (or such later date as may be agreed in writing (including via email) by the Administrative Agent in its sole discretion), the Borrower shall deliver or cause to be delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, the following in connection with a pledge of the Capital Stock of RRC under the laws of the Cayman Islands:(i) an amendment to the Security Agreement to add an equitable mortgage governed by the laws of the Cayman Islands together with prior approval by the Cayman Islands Monetary Authority, (ii) a customary legal opinion from Cayman counsel, and (iii) the deliverables as set out within the equitable mortgage, including, but not limited to: (a) executed but undated instruments of transfer relating to the Capital Stock of RRC in favor of the Administrative Agent; (b) evidence of an undertaking from RRC to: (x) register the transfer of the Capital Stock of RRC

in favor of the Administrative Agent, (y) make a notation of the security in the register of members of RRC and (z) keep the register of members in the Cayman Islands at all times; (c) a certified copy of the register of members of RRC containing the notation set out in clause (b) immediately above; (d) an executed irrevocable proxy appointing the Administrative Agent (or its nominee) for the purpose of voting the Capital Stock of RRC on or after the occurrence of an Event of Default; (e) a power of attorney executed by the directors of RRC appointing the Administrative Agent as attorney to register the transfer of the Capital Stock of RRC; and (f) the amended memorandum and articles of RRC.

Section 5.16 **Maintenance of Reinsurance Coverage**. For so long as the Term Loans are outstanding, each Insurance Subsidiary shall purchase reinsurance only from reinsurers with a minimum financial strength rating (as of the effective date of the relevant reinsurance agreement) of "A-" by A.M. Best Company or a minimum credit rating of "A-" by S&P, unless such reinsurance liabilities have been fully collateralized by such reinsurers.

Section 5.17 **Incorporation of Note Purchase Agreement Provisions**.

(a) If Holdings or any Subsidiary thereof shall at any time after the Closing Date amend, amend and restate, supplement, modify, renew or refinance the Note Documents as in effect on the Closing Date that includes representations and warranties, affirmative covenants, negative covenants, financial covenants, events of defaults or other agreements (each a "Specified Provision" and, collectively, the "Specified Provisions") applicable to Holdings or any Subsidiary that at such time either (i) is not included in this Agreement or (ii) is included in this Agreement but is more restrictive upon Holdings or such Subsidiary than the corresponding Specified Provision included in this Agreement, each such Specified Provision and each event of default, definition and other provision relating to such Specified Provision (solely as used therein) in such Note Document (as amended or modified from time to time thereafter) shall (together with any grace or cure period applicable to either such Specified Provision or any event of default that arises from a breach of such Specified Provision) automatically be deemed to be incorporated by reference in this Agreement, mutatis mutandis, as if then set forth herein in full and effective as of the date such Specified Provision becomes effective under such Note Document.

(b) Promptly and in any event within five Business Days (or such later date as agreed in writing by the Administrative Agent) after the effective date of such amendment, amendment and restatement, supplement, modification, renewal or refinancing of the Note Documents, the Borrower will furnish to the Administrative Agent a copy of the Note Documents, as so amended, amended and restated, supplemented, modified, renewed or refinanced; and if requested by the Required Lenders, within 20 days after furnishing such Note Documents, the Loan Parties will execute and deliver to the Administrative Agent an instrument amending this Agreement to, as applicable, either (i) incorporate the full text of such Specified Provision and the related events of default, definitions and other provisions as used therein or (ii) modify the corresponding Specified Provision included in this Agreement to incorporate the terms of the more restrictive Specified Provision and add and/or modify any related events of default, definitions and other provisions as used therein, as necessary.

(c) The incorporation of any such Specified Provision and other provisions and the amendment of this Agreement as aforesaid in respect of the Note Documents shall automatically (without any action being taken by any Loan Party, the Administrative Agent or any Lender) take effect simultaneously with the effectiveness of such amendment, amendment and restatement, modification, supplement, renewal or refinancing of the Note Documents.

(d) In furtherance of the foregoing, for the avoidance of doubt, any incorporation by reference into this Agreement of a Specified Provision contained in any Note Document as contemplated by this Section 5.17 (including any permanent written amendment or modification of a Specified Provision)

shall have no impact on (i) the continuing effectiveness of any similar provision (including any financial covenant) contained or incorporated in this Agreement at the effective time of such incorporation by reference and (ii) the rights, duties or obligations of the Administrative Agent unless consented to in writing by the Administrative Agent.

ARTICLE VI

FINANCIAL COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders to:

Section 6.1 **Minimum Risk-Based Capital Ratio**.

(a) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of RIC, as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019**)**, of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the Insurance Regulatory Authority of the State of Ohio (or in the event RIC redomiciles in any other state, then the applicable Insurance Regulatory Authority in such other state of domicile), or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to RIC (whether or not RIC is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

(b) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of each U.S. Insurance Subsidiary (excluding RIC), as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019), of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the applicable Insurance Regulatory Authority of such U.S. Insurance Subsidiary in its state of domicile or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to such U.S. Insurance Subsidiary (whether or not such U.S. Insurance Subsidiary is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

Section 6.2 **Maximum Direct Combined Ratio**. Not permit the Direct Combined Ratio of the U.S. Insurance Subsidiaries, as of the last day of each Fiscal Quarter (beginning with the Fiscal Quarter ending December 31, 2019), to exceed the following ratios (expressed as a percentage) corresponding to each such Fiscal Quarter end:

Fiscal Quarter End	Maximum Direct Combined Ratio
December 31, 2019	152.9%
March 31, 2020	140.7%
June 30, 2020	133.6%
September 30, 2020	127.6%

Section 6.3 **Minimum Statutory Surplus**. Not permit the U.S. Insurance Subsidiaries (on an aggregate basis) to have a Statutory Surplus as of the last day of any Fiscal Month (beginning with the Fiscal Month ending November 30, 2019) of less than the greater of (i) $100,000,000, and (ii) the aggregate Statutory Surplus which the U.S. Insurance Subsidiaries are required to have or

maintain, or have otherwise agreed to have or maintain, pursuant to the requirements of any Insurance Regulatory Authority or any instrument, Guarantee or other agreement applicable to the U.S. Insurance Subsidiaries (whether or not any such U.S. Insurance Subsidiary is a party thereto).

Section 6.4 **Minimum Liquidity**. Not permit Liquidity at any time, commencing on the Closing Date, to be less than $25,000,000.

Section 6.5 **Minimum Liquidity, Statutory Surplus and RRC Equity**. Not permit the sum of (i) Liquidity as of any Test Date, plus (ii) the Statutory Surplus of the U.S. Insurance Subsidiaries (on an aggregate basis) as of any Test Date, plus (iii) RRC Equity as of any Test Date to be less than (x) beginning with the Fiscal Month ending November 30, 2019 and ending with the Fiscal Month ending December 31, 2019, $125,000,000 and (y) beginning with the Fiscal Month ending January 31, 2020, $125,000,000 plus the greater of (A) $0 and (B) an amount equal to 15.0% of Net Written Premiums for the twelve-month period ending on such Test Date minus Net Written Premiums for the twelve-month period on the last day of the month ended prior to such Test Date; provided, that at no time shall the amount required under this Section 6.5 exceed $200,000,000.

Section 6.6 **Maximum Leverage Ratio** . Not permit the Leverage Ratio as of the Test Date (beginning with the Fiscal Month ending November 30, 2019), to be greater than 8.00 to 1.00 (unless otherwise agreed in writing by the Administrative Agent and the Required Lenders and not prohibited by applicable law or the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile).

Section 6.7 **Maximum Indebtedness.** Without limiting the restrictions set forth in Section 7.1, not permit the Indebtedness of Holdings and its Subsidiaries on a consolidated basis at any time to exceed $350,000,000.

ARTICLE VII

NEGATIVE COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section 7.1 **Indebtedness**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) (i) Indebtedness created pursuant to the Loan Documents and the Escrow Agreements and (ii) (x) Indebtedness incurred pursuant to the NPA Financing in an aggregate principal amount not to exceed $100,000,000, plus capitalized PIK Interest (as defined in the Note Purchase Agreement), minus any principal payments or prepayments made in cash in respect of the NPA Notes and (y) Permitted Refinancings thereof; provided, that no Make-Whole Amount (as defined in the Note Purchase Agreement) paid in respect of the NPA Notes may be capitalized as part of a Permitted Refinancing and any such Make-Whole Amount payment shall be subordinated to the Obligations to the same extent as provided in the Intercreditor Agreement;

(b) Indebtedness of the Borrower and its Subsidiaries existing on the Closing Date and set forth on Schedule 7.1 and Permitted Refinancings thereof;

(c) (i) Indebtedness of the Borrower or any of its Subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease

Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof (provided that such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvements), and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof; provided that the aggregate principal amount of such Indebtedness does not exceed $5,000,000 at any time outstanding (provided, however, that the aggregate principal amount of such Indebtedness incurred by Insurance Subsidiaries and Subsidiaries of an Insurance Subsidiary shall not exceed $2,500,000 at any time outstanding) and (ii) Permitted Refinancings thereof;

(d) Indebtedness of the Borrower owing to Holdings or any Subsidiary and of any Subsidiary owing to Holdings, the Borrower or any other Subsidiary; provided that any such Indebtedness that is owed by or to a Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(e) Guarantees by Holdings, the Borrower or any Subsidiary of Indebtedness of Holdings, the Borrower or any other Subsidiary, in each case, in the ordinary course of business; provided that Guarantees by any Loan Party of Indebtedness of any Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(f) (A) Indebtedness of any Person which becomes a Subsidiary (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) after the date of this Agreement; provided that (i) such Indebtedness exists at the time that such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary, and (ii) the aggregate principal amount of such Indebtedness permitted hereunder shall not exceed $2,000,000 at any time outstanding and (B) Permitted Refinancings thereof;

(g) Hedging Obligations permitted by Section 7.10;

(h) Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in respect of letters of credit entered into in the ordinary course of business, in an aggregate face amount not to exceed $1,000,000 at any time outstanding;

(i) Bank Product Obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, treasury, depository, cash management and similar arrangements in each case in connection with deposit accounts incurred in the ordinary course;

(j) to the extent constituting Indebtedness, obligations owed by any Subsidiary of Holdings to a Loan Party under the Agency Agreement and the Third Party Administrator Agreement;

(k) (i) unsecured Indebtedness in an aggregate principal amount not to exceed $100,000,000; provided, that, such unsecured Indebtedness shall not be permitted hereunder unless such Indebtedness is subordinated to the Obligations and all of the terms, conditions and provisions (including, without limitation, the subordination and intercreditor provisions) of the Subordinated Debt Documents are consented and agreed to in writing by each of the Borrower, the Administrative Agent and the Required Lenders (it being understood and agreed that such consent on the part of the Administrative Agent may be conditioned upon, among other things, amendments or other modifications to the terms and provisions of this Agreement and the other Loan Documents) and (ii) Permitted Refinancings thereof;

(l) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business or arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(m) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(n) Indebtedness consisting of financing of insurance premiums in the ordinary course of business;

(o) customer advances or deposits received in the ordinary course of business; and

(p) (i) other unsecured Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in an aggregate principal amount not to exceed $10,000,000 at any time outstanding (which may include, for the avoidance of doubt, unsecured Indebtedness consisting of contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) and (ii) Permitted Refinancings thereof.

Section 7.2 **Liens**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(a) Liens securing the (i) Obligations; provided that no Liens may secure Hedging Obligations or Bank Product Obligations under this clause (a) without securing all other Obligations on a basis at least *pari passu* with such Hedging Obligations or Bank Product Obligations and subject to the priority of payments set forth in Section 2.17 and Section 8.2 and (ii) (A) the Obligations (as defined in the Note Purchase Agreement) under the Note Purchase Agreement and the other Note Documents and (B) any Permitted Refinancing thereof; provided that all Liens securing Indebtedness under the Note Purchase Agreement or any Permitted Refinancing thereof shall be subject to the terms, conditions and provisions of the Intercreditor Agreement;

(b) Permitted Encumbrances and licenses permitted under this Agreement;

(c) Liens on any property or asset of the Borrower or any of its Subsidiaries existing on the Closing Date and set forth on Schedule 7.2; provided that such Liens shall not apply to any other property or asset of Holdings or any Subsidiary;

(d) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); provided that (i) such Lien secures Indebtedness permitted by Section 7.1(c), (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) such Lien does not extend to any other asset other than accessions to such asset and reasonable extensions of such asset (and provided that such obligations owed to a single lender may be cross-collateralized), and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) any Lien (x) existing on any asset of any Person at the time such Person becomes a Subsidiary of the Borrower, (y) existing on any asset of any Person at the time such Person is merged with or into the Borrower or any of its Subsidiaries, or (z) existing on any asset prior to the acquisition thereof by the Borrower or any of its Subsidiaries; provided that (i) any such Lien was not created in the contemplation of any of the foregoing and (ii) any such Lien secures only those obligations which it secures on the date that such Person becomes a Subsidiary or the date of such merger or the date of such acquisition;

(f) Liens on assets of any Insurance Subsidiary securing obligations under transactions entered into in connection with Investments permitted by the terms hereof in an aggregate amount not to exceed, at any time, $5,000,000;

(g) Liens consisting of deposit of cash or other assets of an Insurance Subsidiary and the Subsidiaries of an Insurance Subsidiary as required by Governmental Authorities;

(h) [Reserved];

(i) Liens securing other obligations in an aggregate amount not to exceed $2,000,000 at any time outstanding; and

(j) to the extent constituting a Lien, Liens in favor of each of the Escrow Agent and any Assignee Lender pursuant to the Escrow Agreements;

(k) extensions, renewals, or replacements of any Lien referred to in subsections (b) through (k) of this Section; provided that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby.

Section 7.3 **Fundamental Changes**.

(a) Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided that if, at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person; provided that a Subsidiary Loan Party shall be the surviving Person in a merger between a Subsidiary Loan Party and a Subsidiary that is not a Subsidiary Loan Party, (ii) any Subsidiary may merge into another Subsidiary, provided that if any party to such merger is a Subsidiary Loan Party, the Subsidiary Loan Party shall be the surviving Person, (iii) any Subsidiary may sell, transfer, lease, dissolve into or otherwise dispose of all or substantially all of its assets to the Borrower or to a Subsidiary Loan Party and (iv) any Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if 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; provided, further, that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 7.4.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the Closing Date and businesses reasonably related or ancillary thereto and reasonable extensions thereof.

Section 7.4 **Investments, Loans**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, purchase or acquire (including pursuant to any merger with any Person or entity) any Capital Stock, loan or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in or make any other investment in (including capital contributions in or to), any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of a Person, or any assets of any other Person that constitute a business unit or division of any other Person, or create or form any Subsidiary, or enter into any other arrangement pursuant to which any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of any of its assets, business or property to any Subsidiary that is not a Loan Party (all of the foregoing being collectively called "Investments"), except:

(a) Investments (other than Permitted Investments) existing on the Closing Date and set forth on Schedule 7.4 (including Investments in Subsidiaries and any Investments deemed to be made pursuant to the Escrow Agreements as set forth in Article XI);

(b) Permitted Investments;

(c) Guarantees by Holdings, the Borrower and its Subsidiaries constituting Indebtedness permitted by Section 7.1; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties that is Guaranteed by any Loan Party shall be subject to the limitation set forth in subsection (d) of this Section;

(d) Investments made by Holdings in or to the Borrower or by Holdings or the Borrower in or to any Subsidiary and by any Subsidiary in or to the Borrower or in or to another Subsidiary; provided that the aggregate amount of Investments by the Loan Parties in or to, and Guarantees by the Loan Parties of Indebtedness of, any Subsidiary that is not a Subsidiary Loan Party (including all such Investments and Guarantees existing on the Closing Date) shall not exceed $2,500,000 at any time outstanding;

(e) Investments consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; provided that the aggregate amount of all such loans and advances (excluding any such loans and advances outstanding on the Closing Date) does not exceed $500,000 at any time outstanding;

(f) Hedging Transactions permitted by Section 7.10;

(g) other Investments made by a Loan Party to a U.S. Insurance Subsidiary so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c);

(h) Permitted Acquisitions;

(i) Investments consisting of (i) pledges, advance deposits and prepaid expenses or royalties and (ii) extensions of credit to the customers of the Borrower or of any of its Subsidiaries in the nature of accounts receivable, prepaid royalties, or notes receivable, arising from the grant of trade credit or business of the Borrower or such Subsidiary, in each case in this clause (i), in the ordinary course of business;

(j) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(k) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(l) Advances, or indebtedness arising from cash management, tax and/or accounting operations made in the ordinary course of business;

(m) joint ventures or strategic alliances consisting of the licensing of technology permitted under this Agreement, the development of technology or the providing of technical support; provided that any such Investments do not in the aggregate have a fair market value (determined in each case at the time such Investment is made) in excess of $5,000,000 during the term of this Agreement;

(n) other Investments made by a Loan Party to RRC so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c); provided, that the aggregate amount of all such Investments shall not exceed $150,000,000 at any time outstanding;

(o) other Investments made by a Loan Party in or to any non-wholly owned Subsidiary of the Borrower; provided that the aggregate amount of all such Investments under this clause (o) shall not exceed $5,000,000 at any time outstanding; and

(p) other Investments which in the aggregate do not exceed $10,000,000 during the term of this Agreement.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.4, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

Section 7.5 **Restricted Payments**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) Restricted Payments made by any Subsidiary to the Borrower or to any other Subsidiary (including, for the avoidance of doubt, from any Insurance Subsidiary to the Borrower);

(b) Restricted Payments made by the Borrower and its Subsidiaries to Holdings, and by Holdings to its direct or indirect parents, in an aggregate amount not to exceed $2,000,000 in any Fiscal Year to the extent necessary to permit Holdings and its direct and indirect parents to pay general administrative costs and expenses (including administrative, legal, accounting and similar costs and expenses provided by third parties, customary salary, commissions, bonus and other benefits payable to officers and employees of Holdings (or any direct or indirect parent of Holdings) and directors fees and director and officer indemnification obligations) incurred in the ordinary course of business and then due and payable (solely as such costs and expenses relate to the business of the Borrower and its Subsidiaries or Holdings' ownership thereof);

(c) Holdings and the Borrower may repurchase the stock of former employees, directors, officers or consultants pursuant to stock repurchase agreements in the ordinary course of business and in accordance with Holdings' stock purchase plan, so long as (A) no Default or Event of Default exists at the time of such repurchase and would not exist after giving effect to such repurchase, (B) the aggregate amount repurchased in any calendar year does not exceed $1,000,000 and (C) the aggregate amount repurchased during the term of this Agreement does not exceed $2,000,000;

(d) regularly scheduled non-accelerated payments of interest in respect of the Subordinated Debt to the extent permitted (and only to the extent expressly agreed in writing by the Administrative Agent in its sole discretion) pursuant to the terms of the Subordinated Debt Documents;

(e) repayments of principal and interest of the Subordinated Debt with the proceeds of a Permitted Refinancing thereof or by exchange or conversion to Qualified Capital Stock of Holdings;

(f) if, for any taxable period, the Borrower is a member of a group filing a consolidated, unitary or combined tax return of which Holdings is the common parent (a "Tax Group"), an amount equal to income Taxes for such taxable period then due and payable pursuant to such returns and attributable to the taxable income of the Borrower and the Subsidiary Loan Parties that are members of such group and, to the extent of the cash amount actually received by the Borrower or any Subsidiary Loan Party from any Subsidiary that is not a Subsidiary Loan Party (a "Non-Guarantor Subsidiary") for the payment of income taxes, an amount equal to the income Taxes for such taxable period then due and payable and attributable to the taxable income of such Non-Guarantor Subsidiary, provided that, for each taxable period, payment for such amounts shall not exceed the lesser of (A) the amount of any such Taxes that the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) that are members of such group would have been required to pay for such taxable period on a separate group basis if the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) or (B) the actual tax liability of the Tax Group for such taxable period; and

(g) Holdings may repurchase, retire or otherwise acquire Capital Stock of Holdings solely in exchange for, or solely out of the proceeds of the substantially concurrent sale of, Qualified Capital Stock of Holdings.

Section 7.6 **Sale of Assets**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of any of its assets, business or property or, in the case of any Subsidiary, any shares of such Subsidiary's Capital Stock, in each case whether now owned or hereafter acquired, to any Person other than the Borrower or a Subsidiary Loan Party (or to qualify directors if required by applicable law), except:

(a) the sale or other disposition of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business;

(b) the sale of inventory and Permitted Investments in the ordinary course of business;

(c) the sale or other disposition of Investments (i) by Insurance Subsidiaries and their Subsidiaries (other than the Capital Stock of Insurance Subsidiaries and their Subsidiaries) and (ii) by the Borrower and its Subsidiaries (other than the Capital Stock of Subsidiaries of Holdings) permitted

under this Agreement, in each case, (A) in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Borrower or such Subsidiary, as the case may be or (B) required by Insurance Regulatory Authorities;

(d) any sale or other disposition pursuant to a reinsurance agreement so long as such disposition or other disposition is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice;

(e) non-exclusive licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S. not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(f) leases, subleases, licenses, or sublicenses of real or personal property (other than Intellectual Property) granted by the Borrower or any of its Subsidiaries to others, in each case, in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(g) (i) surrender or waiver of contractual rights or the settlement or waiver of contractual or litigation claims in the ordinary course of business in each case as may be approved by the board of directors of Holdings or the Borrower or the applicable Subsidiary in good faith; and (ii) the sale, license or other transfer of Intellectual Property in connection with the settlement or waiver of contractual or litigation claims in respect of the Intellectual Property; provided that such sale, license or transfer does not materially interfere with the business of the Borrower and its Subsidiaries, taken as a whole;

(h) termination of licenses, leases, and other contractual rights in the ordinary course of business, which does not materially interfere with the conduct of business of the Borrower and its Subsidiaries and is not disadvantageous to the rights or remedies of the Lenders;

(i) sales, leases, assignments, dispositions and transfers constituting Liens permitted under Section 7.2, Investments permitted under Section 7.4 or Restricted Payments permitted under Section 7.5; and

(j) the sale or other disposition of such assets in an aggregate amount (based on the fair market value of such assets) not to exceed $500,000 in any Fiscal Year (but excluding the sale of any Capital Stock of any Subsidiary of Holdings).

Section 7.7 **Transactions with Affiliates**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) at prices and on terms and conditions, taken as a whole, not less favorable to Holdings or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(b) employment and severance arrangements between Holdings or any of its Subsidiaries and their respective officers, directors and employees in the ordinary course of business and transactions pursuant to equity incentive plans and employee benefit plans and arrangements (provided that this clause (b) shall not be deemed to permit any Restricted Payments of the type set forth in Section 7.5(c) to the extent not permitted thereunder);

(c) transactions solely between or among Loan Parties (and between Loan Parties and other Subsidiaries of Holdings to the extent permitted by Administrative Agent in writing its sole discretion);

(d) any Restricted Payment permitted by Section 7.5 and any Investment permitted by Section 7.4; and

(e) performing under the Agency Agreement or Third Party Administrator Agreement.

Section 7.8 **Restrictive Agreements**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any of its Subsidiaries to create, incur or permit any Lien to secure the Obligations upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiaries of the Borrower to pay dividends or other distributions with respect to its Capital Stock, to make or repay loans or advances to the Borrower, to Guarantee the Obligations or to transfer any of its property or assets to the Borrower; provided that (i) the foregoing clauses (a) and (b) shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document or the Escrow Agreement, (ii) the foregoing clause (b) shall not apply to restrictions or conditions imposed by any Subordinated Debt Document or Note Document (or any document governing any Permitted Refinancing thereof), (iii) the foregoing clauses (a) and (b) shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary (or any assets thereof) pending such sale, provided such restrictions and conditions apply only to the Subsidiary (or any assets thereof) that is sold and such sale is permitted hereunder, (iv) the foregoing clauses (a) and (b) (but, with respect to clause (b), only to the extent that any imposed transfer restrictions or conditions apply only to property or assets that are subject to Capital Lease Obligations or obligations incurred in connection with purchase money Indebtedness) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness and the obligors of such Indebtedness, (v) the foregoing clauses (a) and (b) shall not apply to customary provisions in leases, licenses and contracts restricting the assignment of any such lease, license and/or contract and (vi) the foregoing clause (b) shall not apply to customary restrictions on transfers of Capital Stock in a joint venture to the extent expressly permitted by clause (x) of the definition of Permitted Encumbrance (but for the avoidance of doubt, there shall be no restriction on the ability of Holdings or any of its Subsidiaries to pledge Capital Stock in a joint venture to secure the Obligations).

Section 7.9 **Sale and Leaseback Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (each, a "Sale/Leaseback Transaction").

Section 7.10 **Hedging Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which Holdings, the Borrower or any of their respective Subsidiaries is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, Holdings and the Borrower acknowledge that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which Holdings, the Borrower or any of their respective Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any

third party of any Capital Stock or any Indebtedness or (ii) as a result of changes in the market value of any Capital Stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.11 **Amendment to Material Documents**. Other than to the extent expressly required by any Insurance Regulatory Authority with respect to any Insurance Subsidiary or Subsidiary thereof, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, amend, modify or waive any of its rights under (a) its certificate of incorporation, bylaws or other organizational documents or (b) any Material Agreements, except in any manner that would not have an adverse effect on the Lenders or the Administrative Agent in any material respect (or in the case of any Note Document (or any document governing any Permitted Refinancing thereof), as permitted by the Intercreditor Agreement).

Section 7.12 **Activities of Holdings**. Notwithstanding anything to the contrary contained herein, Holdings shall not engage in any business or other activity other than (a) maintaining its existence, including (i) participating in tax, accounting and other administrative matters, (ii) filing Tax returns and reports and paying Taxes and other customary obligations related thereto in the ordinary course (and contesting any Taxes in good faith, if applicable), (iii) holding director and member meetings, preparing organizational records and other organizational activities required to maintain its separate organizational structure and (iv) complying with applicable law, and activities incidental to the foregoing, (b) holding and maintaining its interest in the Capital Stock of, and making Investments in, the Borrower, (c) performing its Obligations under this Agreement and the other Loan Documents and other Indebtedness and Guarantees permitted hereunder (including Guarantees of the Subordinated Debt and obligations under the Note Documents and any Permitted Refinancing thereof), and actions incidental thereto, including the granting of Liens permitted hereby, (d) issuing its own Qualified Capital Stock; (e) preparing reports to Governmental Authorities and to its shareholders, (f) holding cash and Permitted Investments and other assets received in connection with Restricted Payments received from, or Investments made by the Borrower to the extent permitted hereby; (g) providing indemnification for its current or former officers, directors, members of management, managers, employees and advisors or consultants; (h) performing its obligations under the transactions with respect to Holdings that are otherwise specifically permitted or expressly contemplated by Article VII; (i) the maintenance and administration of equity option and equity ownership plans and activities incidental thereto; and (j) performing activities incidental to any of the foregoing.

Section 7.13 **Accounting Changes**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP (or SAP), or change the Fiscal Year of Holdings or the fiscal year of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of Holdings.

Section 7.14 **Underwriting Risks**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, undertake any underwriting risk inconsistent with their historical and customary practices in the ordinary course of business (it being understood and agreed that this Section 7.14 shall not prohibit Holdings and its Subsidiaries from entering into additional lines of property and casualty insurance business).

Section 7.15 **Insurance Subsidiaries**. Notwithstanding anything herein to the contrary, without the prior written consent of the Required Lenders, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries (including, for the avoidance of doubt, Insurance Subsidiaries) to, permit: (a) a material change in the nature of the businesses that RIC conducts or is otherwise engaged in as of the Original Closing Date; (b) the discounting (except for prompt payment

discounts) or sale by any of the Insurance Subsidiaries of any of their notes or accounts receivable, other than in connection with the collection, settlement or compromise thereof in the ordinary course of business; (c) any one or more material Insurance Licenses of any of the Insurance Subsidiaries to be suspended, limited or terminated or not be renewed; and (d) the Borrower or its Subsidiaries (including for the avoidance of doubt, all Insurance Subsidiaries and any reinsurance Subsidiaries) to fail to maintain, (i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 and (ii) catastrophe reinsurance that permits the ability to cede losses in excess of an amount no greater than 1.65% of Direct Earned Premium as of the most recent Test Date for which financial statements are required to have been delivered pursuant to Section 5.1 (but at no time shall such amount exceed $10,000,000); provided, that with respect to any reinsurance company Subsidiary, such reinsurance company Subsidiary shall be permitted to maintain its own reinsurance arrangements or otherwise limit such exposure by virtue of its relationship with other Insurance Subsidiaries' other reinsurance contracts, in each case, so long as such reinsurance arrangements or other limitation on exposure is in form and substance reasonably acceptable to the Administrative Agent.

Section 7.16 **Sanctions and Anti-Corruption Laws**. Holdings and the Borrower will not, and will not permit any Subsidiary to, request any Term Loan or, directly or indirectly, use the proceeds of any Term Loan, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Term Loans, whether as an Arranger, the Administrative Agent, any Lender, underwriter, advisor, investor or otherwise, or (iii) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money or anything else of value to any Person in violation of applicable Anti-Corruption Laws.

Section 7.17 **Foreign Insurance Companies**. Holdings and the Borrower will not, and will not permit any Subsidiary to, own or hold any Investment in, nor create or acquire, (i) any Insurance Subsidiary that is domiciled outside of the United States or (ii) any reinsurance company, in each case excluding RRC and any Investments in RRC expressly permitted under Section 7.4 of this Agreement.

Section 7.18 **Other Liens and Guarantees**. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, (i) create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, in each case, securing any Indebtedness incurred pursuant to Section 7.1(a)(ii), unless the Loans are secured by a valid and enforceable, first priority perfected Lien on such assets or property (subject to the Intercreditor Agreement) or (ii) Guarantee any Indebtedness incurred pursuant to Section 7.1(a)(ii) unless the Loans are Guaranteed on a pari passu basis with such Guarantee.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1 **Events of Default**. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Term Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Borrower shall fail to pay any interest on any Term Loan or any fee or any other amount (other than an amount payable under subsection (a) of this Section or an amount related to a Bank Product Obligation) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any of their Subsidiaries in or in connection with this Agreement or any other Loan Document (including the Schedules attached hereto and thereto), or in any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted; or

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.1(a), (b), (c) or (d), 5.2(a)(i), 5.3 (with respect to legal existence), 5.8(b)(iii)(B), 5.17 or Article VI or VII or Article XI (ii) Holdings or the Borrower shall fail to observe or perform the covenant contained in Section 5.2(a)(v), and such failure shall remain unremedied for 10 Business Days after any officer of the Borrower becomes aware of such failure; or

(e) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in subsections (a), (b) and (d) of this Section) or any other Loan Document, and such failure shall remain unremedied for 30 days after the earlier of (i) any officer of the Borrower becomes aware of such failure, or (ii) notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(f) (i)(A) Holdings, the Borrower or any of their respective Subsidiaries (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any Material Indebtedness (other than any Hedging Obligation) that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or (B) any other event shall occur or condition shall exist under the Note Documents, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of the Indebtedness thereunder; or (C) any other event shall occur or condition shall exist under any agreement or instrument relating to any Material Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or (D) any Material Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof in each case, excluding any prepayment or redemption requirements in connection with an asset sale or disposition permitted under Section 7.6 of assets that secure Material Indebtedness (to the extent that the Material Indebtedness being required to be prepaid or redeemed secures only the assets that were sold) or (ii) there occurs under any Hedging Transaction an Early Termination Date (as defined in such Hedging Transaction) resulting from (x) any event of default under such Hedging Transaction as to which Holdings or any of its Subsidiaries is the Defaulting Party (as defined in such Hedging Transaction) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount or (y) any Termination Event (as so defined) under such Hedging Transaction as to which Holdings or any Subsidiary is an Affected Party (as so defined) and the

Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount and is not paid; or

(g) Holdings, the Borrower or any of their respective Subsidiaries shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in subsection (i) of this clause (g), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any of its Subsidiaries or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any of its Subsidiaries or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) after the effectiveness thereof, the provisions of the Intercreditor Agreement or any subordination agreement between the Administrative Agent and the agent for the Subordinated Debt cease to be effective or cease to be legally valid, binding and enforceable against the Persons party thereto, except in accordance with its terms; or

(j) Holdings, the Borrower or any of their respective Subsidiaries shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(k) (i) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to Holdings, the Borrower and any of their respective Subsidiaries in an aggregate amount exceeding $1,000,000, (ii) there is or arises an Unfunded Pension Liability (not taking into account Plans with negative Unfunded Pension Liability) in an aggregate amount exceeding $1,000,000, or (iii) there is or arises any potential Withdrawal Liability in an aggregate amount exceeding $1,000,000; or

(l) any judgment, order for the payment of money, writ, warrant of attachment or similar process involving an amount (to the extent not paid or covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $2,500,000 in the aggregate shall be rendered against Holdings or any of its Subsidiaries, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) any non-monetary judgment or order shall be rendered against Holdings or any of its Subsidiaries that could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) (i) the termination (without a substantially similar replacement as reasonably determined by the Administrative Agent) of the Agency Agreement or (ii) a decrease in rates charged under the Agency Agreement of more than 5.0% in any Fiscal Quarter or more than 7.5% in the aggregate during the term of this Agreement, or any other change to the Agency Agreement that is adverse to the interests of the Lenders;

(o) any court, Governmental Authority, including any Insurance Regulatory Authority, shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the property of Holdings, the Borrower or any of their respective Subsidiaries which, when taken together with all other property of Holdings, the Borrower and their respective Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, exceeds $1,000,000, in each case, except to the extent Holdings, the Borrower or any of their respective Subsidiaries receive fair compensation in respect of such condemnation, seizure or appropriation and the net cash proceeds thereof are applied in accordance with Section 2.7(b); or

(p) any one or more licenses, permits, accreditations or authorizations of Holdings, the Borrower or any of their respective Subsidiaries, including any Insurance License with respect to any Insurance Subsidiary, shall be suspended, limited, modified or terminated or shall not be renewed, and such suspension, limitation, modification, termination or non-renewal would reasonably be expected to result in a Material Adverse Effect, or any other action shall be taken, by any Governmental Authority in response to any alleged failure by Holdings, the Borrower or any of their respective Subsidiaries to be in compliance with applicable law, and such action, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect;

(q) a Change in Control shall occur or exist; or

(r) any provision of the Guaranty and Security Agreement or any other Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall for any reason cease to be valid and binding on, or enforceable against, any Loan Party, or any Loan Party shall so state in writing, or any Loan Party shall seek to terminate its obligation under the Guaranty and Security Agreement or any other Collateral Document (other than the release of any guaranty or collateral to the extent permitted pursuant to Section 9.11); or

(s) any Lien purported to be created under any Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall fail or cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral, with the priority, subject to the Intercreditor Agreement, required by the applicable Collateral Documents (other than as a result of the failure by the Administrative Agent to take any action solely within its control);

then, and in every such event (other than an event described in subsection (g) or (h) of this Section) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) declare the principal of and any accrued interest on the Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (ii) exercise all remedies contained in any other Loan Document, and (iii) exercise any other remedies available at law or in equity; provided that, if an Event of Default specified in either subsection (g) or (h) shall occur, the principal of the Term Loans then outstanding, together with accrued interest thereon, and all fees and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 8.2 **Application of Proceeds from Collateral**. All proceeds from each sale of, or other realization upon, all or any part of the Collateral by any Secured Party after an Event of Default arises shall, subject to the terms of the Intercreditor Agreement, be applied as follows:

(a) first, to the reimbursable expenses of the Administrative Agent incurred in connection with such sale or other realization upon the Collateral, until the same shall have been paid in full;

(b) second, to the fees, indemnitees and other reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(c) third, to all reimbursable expenses, if any, of the Lenders then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(d) fourth, to the fees and interest then due and payable under the terms of this Agreement, until the same shall have been paid in full;

(e) fifth, to the aggregate outstanding principal amount of the Term Loans, the Bank Product Obligations and the Net Mark-to-Market Exposure of the Hedging Obligations that constitute Obligations, until the same shall have been paid in full, allocated *pro rata* among the Secured Parties based on their respective *pro rata* shares of the aggregate amount of such Term Loans, Bank Product Obligations and Net Mark-to-Market Exposure of such Hedging Obligations; and

(f) sixth, to the extent any proceeds remain, to the Borrower or as otherwise provided by a court of competent jurisdiction.

All amounts allocated pursuant to the foregoing clauses third through fifth to the Lenders as a result of amounts owed to the Lenders under the Loan Documents shall be allocated among, and distributed to, the Lenders *pro rata* based on their respective Pro Rata Shares.

Notwithstanding the foregoing, (a) no amount received from any Guarantor (including any proceeds of any sale of, or other realization upon, all or any part of the Collateral owned by such Guarantor) shall be applied to any Excluded Swap Obligation of such Guarantor and (b) Bank Product Obligations and Hedging Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the Bank Product Provider or the Lender-Related Hedge Provider, as the case may be. Each Bank Product Provider or Lender-Related Hedge Provider that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.1 **Appointment of the Administrative Agent**.

(a) Each Lender irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such

actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent, attorney-in-fact or Related Party and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

(b) It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

Section 9.2 **Nature of Duties of the Administrative Agent**. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub¬agents or its attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappelable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section 9.3 **Lack of Reliance on the Administrative Agent**. Each of the Lenders acknowledges 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 credit analysis and decision to enter into this Agreement. Each of the Lenders also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder. Each of the Lenders acknowledges and agrees that outside legal counsel to the Administrative Agent in connection with the preparation, negotiation, execution, delivery and administration (including any amendments, waivers and consents) of this Agreement and the other Loan Documents is acting solely as counsel to the Administrative Agent and is not acting as counsel to any Lender (other than the Administrative Agent and its Affiliates) in connection with this Agreement, the other Loan Documents or any of the transactions contemplated hereby or thereby.

Section 9.4 **Certain Rights of the Administrative Agent**. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act unless and until it shall have received instructions from such Lenders, and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 9.5 **Reliance by the Administrative Agent**. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 9.6 **The Administrative Agent in its Individual Capacity**. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 9.7 **Successor Administrative Agent**.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to approval by the Borrower provided that no Specified Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint

a successor Administrative Agent which shall be a commercial bank organized under the laws of the United States or any state thereof or a bank which maintains an office in the United States.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If, within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section, no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint (and if the Borrower's approval would be required by clause (a) above, the Borrower approves) a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

Section 9.8 **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. If the IRS or any authority of the United States or any 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 or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for 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.

Section 9.9 **The Administrative Agent May File Proofs of Claim**.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Term Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Term Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and its agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

(c) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.10 **Authorization to Execute Other Loan Documents**. Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders all Loan Documents (including, without limitation, the Collateral Documents, the Intercreditor Agreement and any other intercreditor or subordination agreements (including with the agent for the Subordinated Debt)) other than this Agreement.

Section 9.11 **Collateral and Guaranty Matters**. The Lenders irrevocably authorize the Administrative Agent:

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, (ii) if approved, authorized or ratified in writing in accordance with Section 10.2 or (iii) upon the payment in full of the Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations);

(b) to subordinate any Lien on any collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien permitted by Section 7.2(d); and

(c) to release any Loan Party from its obligations under the applicable Collateral Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Loan Party from its obligations under the applicable Collateral Documents pursuant to this Section. In each case as specified in this Section, the Administrative Agent is authorized, at the Borrower's expense, to execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the Liens granted under the applicable Collateral Documents, or to release such Loan Party from its obligations under the applicable Collateral Documents, in each case in accordance with the terms of the Loan Documents and this Section. In the case of any such sale, transfer or disposal of any property constituting Collateral in a transaction constituting a disposition expressly permitted pursuant to Section 7.6, the Liens created by any of the Loan Documents on such property shall be automatically released without need for further action by any person.

Section 9.12 **Documentation Agent**. Each Lender hereby designates The Huntington National Bank as the Documentation Agent and agrees that the Documentation Agent shall have no duties or obligations under any Loan Documents to any Lender or any Loan Party.

Section 9.13 **Right to Realize on Collateral and Enforce Guarantee**. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral or to enforce the Collateral Documents, it being understood and agreed that all powers, rights and remedies hereunder and under the Collateral Documents may be exercised solely by the Administrative Agent, and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of the Lenders (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

Section 9.14 **Secured Bank Product Obligations and Hedging Obligations**. No Bank Product Provider or Lender-Related Hedge Provider that obtains the benefits of Section 8.2, the Collateral Documents or any Collateral by virtue of the provisions hereof or of any other Loan Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations and Hedging Obligations unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider or Lender-Related Hedge Provider, as the case may be.

ARTICLE X

MISCELLANEOUS

Section 10.1 **Notices**.

(a) Written Notices.

(i) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

To the Borrower: Root, Inc.
[***]
Facsimile Number: [***]

	Email: alex@joinroot.com
With copies to (for information purposes only):	Latham & Watkins LLP [***] Email: [***] and Latham & Watkins LLP [***] Email: [***]
To the Administrative Agent:	SunTrust Bank [***] Facsimile Number: [***] Email: [***]
With a copy to (for information purposes only):	SunTrust Bank [***] Facsimile Number: [***] Email: [***] and Alston & Bird LLP [***] Facsimile Number: [***] Email: [***]
To any other Lender:	the address set forth in the Administrative Questionnaire or the Assignment and Acceptance executed by such Lender

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(ii) Any agreement of the Administrative Agent or any Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and each Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and the Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or any Lender in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Term Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent or any Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent or any Lender of a confirmation which is at variance with the terms understood by the Administrative Agent and such Lender to be contained in any such telephonic or facsimile notice.

(b) Electronic Communications.

(i) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving, or is unwilling to receive, notices 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.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) 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 (A) of notification that such notice or communication is available and identifying the website address therefor; provided that, in the case of clauses (A) and (B) above, 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.

(iii) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar electronic system.

(iv) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF ITS RELATED PARTIES WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS IN THE COMMUNICATIONS (AS DEFINED BELOW) AND FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS

FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties have any liability to any Loan Party or any of their respective Subsidiaries, any Lender or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses, whether or not based on strict liability (whether in tort, contract or otherwise), arising out of any Loan Party's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent or such Related Party; provided, however, that in no event shall the Administrative Agent or any Related Party have any liability to any Loan Party or any of their respective Subsidiaries, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any Loan Party's or the Administrative Agent's transmission of Communications. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent and any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(c) Telephonic Notices. Unless otherwise expressly provided herein, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Holdings, the Borrower or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person in Section 10.1(a) or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties hereto, as provided in Section 10.1(d); and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(d) All such notices and other communications sent to any party hereto in accordance with the provisions of this Agreement are made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, to the extent provided in clause (b) above and effective as provided in such clause; provided that notices and other communications to the Administrative Agent pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(e) Loan Documents may be transmitted and/or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall, subject to

applicable Law, have the same force and effect as manually signed originals and shall be binding on all Loan Parties, the Agents and the Lenders.

Section 10.2 **Waiver; Amendments**.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender**,** shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or of any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Term Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) Subject to Section 2.12(b), no amendment or waiver of any provision of this Agreement or of the other Loan Documents (other than the Fee Letters), nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders, or the Borrower and the Administrative Agent with the consent of the Required Lenders, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that, in addition to the consent of the Required Lenders, no amendment, waiver or consent shall:

(i) increase the Term Loan Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal amount of any Term Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender directly affected thereby; provided that only the consent of the Required Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the rate set forth in Section 2.8(c) during the continuance of an Event of Default;

(iii) postpone the date fixed for any payment of any principal of, or interest on, any Term Loan or any fees or other amounts hereunder or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly affected thereby (it being understood that the waiver of any Default or Event of Default or mandatory prepayment shall not constitute a postponement, extension, reduction, excuse or waiver any payment for purposes of this clause (iii));

(iv) (A) change Section 2.17(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, without the written consent of each Lender directly affected thereby or (B) change Section 8.2 in a manner that would alter the pro rata sharing of payments or the order of application required thereby without the written consent of each Lender directly affected thereby;

(v) change any of the provisions of this subsection (b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender directly affected thereby;

(vi) release all or substantially all of the Guarantors without the written consent of each Lender;

(vii) release all or substantially all Collateral (if any) securing any of the Obligations, without the written consent of each Lender; or

(viii) subordinate all or substantially all of the Liens securing the Obligations without the consent of each Lender affected thereby.

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent without the prior written consent of such Person.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Term Loan Commitment of such Lender may not be increased, and amounts payable to such Lender hereunder may not be permanently reduced, without the consent of such Lender (other than reductions in fees and interest in which such reduction does not disproportionately affect such Lender). Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Term Loan Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 10.3), such Lender shall have no other commitment or other obligation hereunder and such Lender shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything herein or otherwise to the contrary, any Event of Default occurring hereunder shall continue to exist (and shall be deemed to be continuing) until such time as such Event of Default is waived in writing in accordance with the terms of this Section notwithstanding (i) any attempted cure or other action taken by the Borrower or any other Person subsequent to the occurrence of such Event of Default or (ii) any action taken or omitted to be taken by the Administrative Agent or any Lender prior to or subsequent to the occurrence of such Event of Default (other than the granting of a waiver in writing in accordance with the terms of this Section).

Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement any Loan Document to cure any obvious ambiguity, omission, mistake, defect or inconsistency.

Section 10.3 **Expenses; Indemnification**.

(a) The Borrower shall pay (i) all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable and documented (in summary form) fees and disbursements of counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), and (ii) all reasonable and documented out-of-pocket costs and expenses (including, without limitation, the reasonable and documented (in summary form) fees and

disbursements of counsel) incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights and remedies under this Section, or in connection with the Term Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Term Loans; provided, that notwithstanding the foregoing, legal expenses under clauses (i) and (ii) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees).

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and promptly reimburse such Indemnitee for, any and all losses, claims, damages, liabilities or other expenses (including the reasonable and documented (in summary form) fees and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Term Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Holdings or any of its Subsidiaries, or any Environmental Liability related in any way to Holdings or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the fraud, gross negligence, or willful misconduct of such Indemnitee, (y) other than in the case of the Administrative Agent and its Related Parties, arise from a material breach of such Indemnitee's obligations hereunder or under any other Loan Document or (z) result from disputes (not involving any act or omission by Holdings or its Subsidiaries or their Affiliates) solely among the Indemnitees for actions by one or more of the Indemnitees, other than claims against the Administrative Agent in such capacity fulfilling its agency role under the Loan Documents; provided, that notwithstanding the foregoing, legal expenses under this clause (b) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees). This clause (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, liabilities and related expenses arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent under subsection (a) or (b) hereof, each Lender severally agrees to pay to the Administrative Agent such Lender's *pro rata* share of such unpaid amount; provided that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Term Loan or the use of proceeds thereof; provided that nothing in this clause (d) shall relieve the Borrower of any obligation it may have under clause (b) above to indemnify any Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable promptly, but in any event within ten (10) Business Days, after written demand therefor.

Section 10.4 **Successors and Assigns**.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section or Section 11.3, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Subject to Section 11.3, any Lender may at any time 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 Term Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Term Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the principal outstanding balance of the Term 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 or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000 with respect to Term Loans and in minimum increments of $1,000,000, unless each of the Administrative Agent and, so long as no Specified Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Term Loans assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Specified Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required unless such assignment is of a Term Loan to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.16(g).

(v) No Assignment to certain Persons. No such assignment shall be made to (A) Holdings, the Borrower or any of their respective Affiliates or Subsidiaries**,** (B) any Disqualified Institutions or (C) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement 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 2.14, 2.15, 2.16 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section. If the consent of the Borrower to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent unless it shall object thereto by written notice to the Administrative Agent within

five (5) Business Days after notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower.

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia or other office within the United States 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 Term Loan Commitments of, and principal amount (and stated interest) of the Term Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Information contained in the Register with respect to any Lender shall be available for inspection by such Lender at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent SunTrust Bank serves in such capacity, SunTrust Bank and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees".

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent sell participations to any Person (other than a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person), Holdings, the Borrower, any of the Borrower's Affiliates or Subsidiaries, a Disqualified Institution or a Defaulting Lender or any Affiliate thereof) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Term Loan Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) reduce the principal amount of any Term Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder (other than waiving default interest); (ii) postpone the date fixed for any payment of any principal of, or interest on, any Term Loan or any fees hereunder (other than waivers of Defaults, Events of Default and mandatory prepayments); (iii) change Section 2.17(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby; (iv) change any of the provisions of Section 10.2(b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder; (v) release all or substantially all of the Guarantors; or (vi) release all or substantially all Collateral (if any) securing any of the Obligations. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15, and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant agrees to be subject to Section 2.19 as though it were a Lender. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.17 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register in the United States on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Term Loans or other obligations under the Loan Documents (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. The Borrower and the Administrative Agent shall have inspection rights to such Participant Register (upon reasonable prior notice to the applicable Lender) solely for purposes of demonstrating that such Term Loans or other obligations under the Loan Documents are in "registered form" for purposes of the Code. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) A Participant shall not be entitled to receive any greater payment under Sections 2.14 and 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 2.16 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 2.16(g) and (h) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment or participation of Term Loans, or disclosure of confidential information, to any Disqualified Institution.

Section 10.5 **Governing Law; Jurisdiction; Consent to Service of Process**.

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law of the State of New York.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or state court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other

manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6 **WAIVER OF JURY TRIAL**. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7 **Right of Set-off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender to or for the credit or the account of the Borrower against any and all Obligations held by such Lender irrespective of whether such Lender shall have made demand hereunder and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender.

Section 10.8 **Counterparts; Integration**. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letters, the other Loan Documents, and any separate letter agreements relating to any fees payable to the Administrative Agent and its Affiliates constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this

Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9 **Survival**. All covenants, agreements, representations and warranties made by Holdings and the Borrower herein and in the certificates, reports, notices or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any Term Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Term Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.14, 2.15, 2.16, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Term Loans or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the Loan Documents in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Term Loans.

Section 10.10 **Severability**. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11 **Confidentiality**. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of any non-public information relating to Holdings, the Borrower or any of their respective Subsidiaries or any of their respective businesses, to the extent provided to it by or on behalf of Holdings or any of its Subsidiaries, in accordance with the Administrative Agent's or the Lenders' customary practices, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by or on behalf of Holdings or any of its Subsidiaries, except that such information may be disclosed (i) to any Related Party of the Administrative Agent or any such Lender or their respective Affiliates including, without limitation, accountants, legal counsel, officers, directors, employees, independent auditors, professionals and other experts, agents or advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such disclosing party agrees to inform the Borrower reasonably promptly thereof and prior to such disclosure to the extent not prohibited by law), (iii) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Administrative Agent, any Lender or any Related Party of any of the foregoing on a non-confidential basis from a source other than Holdings or any of its Subsidiaries, (v) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder or as otherwise required by applicable law or regulation, (vi) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap or derivative or other transaction under which

payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) to any rating agency, (viii) to the CUSIP Service Bureau or any similar organization, (ix) to the extent that such information is received by the Administrative Agent from a third party that is not, to the knowledge of the Administrative Agent, subject to confidentiality obligations owing to the Borrower or any Affiliate of the Borrower, (x) for purposes of establishing a "due diligence" defense, provided that prompt notice of such defense shall be provided to the Borrower, to the extent permitted by law, (xi) to the extent that such information was already in the possession of the Administrative Agent prior to any duty or other undertaking of confidentiality entered into in connection with this Agreement or any of the Loan Documents, or (xii) with the written consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information. In the event of any conflict between the terms of this Section and those of any other Contractual Obligation entered into with any Credit Party (whether or not a Loan Document), the terms of this Section shall govern. Notwithstanding the foregoing, no such confidential information shall be disclosed to a Disqualified Institution that has been identified to all Lenders prior to the time of such disclosure without the Borrower's consent.

Subject to the Borrower's prior written approval (such approval not to be unreasonably conditioned, withheld or delayed), the Administrative Agent or any Lender may use non-confidential information related to this Agreement and the Term Loan made hereunder in connection with any marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements in publications of its choice at its own expense using such Loan Party's name, product photographs, logo or trademark. Each Lender hereby consents to the disclosure by the Administrative Agent or the Arranger of information necessary or customary for inclusion in league table measurements.

Section 10.12 **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Term Loan, together with all fees, charges and other amounts which may be treated as interest on such Term Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Term Loan in accordance with applicable law, the rate of interest payable in respect of such Term Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Term Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Term Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Lender.

Section 10.13 **Waiver of Effect of Corporate Seal**. The Borrower represents and warrants that neither it nor any other Loan Party is required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any Requirement of Law, agrees that this Agreement is delivered by the Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section 10.14 **Patriot Act**. The Administrative Agent and each Lender hereby notifies the Loan Parties that, pursuant to (a) the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act and (b) the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certification.

Section 10.15 **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower and each other Loan Party acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by the Administrative Agent and/or the Lenders are arm's-length commercial transactions between the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) each of the Borrower and the other Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrower and each other Loan Party is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person, and (B) neither the Administrative Agent nor any Lender has any obligation to the Borrower, any other Loan Party or any of their Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other Loan Parties and their respective Affiliates, and each of the Administrative Agent and the Lenders has no obligation to disclose any of such interests to the Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.16 **Location of Closing**. Each Lender acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent. The Borrower acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Loan Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3.1, to the Administrative Agent. All parties agree that the closing of the transactions contemplated by this Agreement has occurred in New York.

Section 10.17 **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 10.18 **Acknowledgement and Consent to Bail-In of EEA Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable (i) a reduction in full or in part or cancellation of any such liability, (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document or (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Section 10.19 **Acknowledgement Regarding Any Supported QFCs**. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Transactions or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.19, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

ARTICLE XI

SVB ASSIGNMENT AND ESCROW AGREEMENTS

Section 11.1 **SVB Assignment**. Immediately prior to giving effect to this Agreement, Silicon Valley Bank held outstanding Term Loans in a principal amount equal to $24,937,500.00 in its capacity as a lender under the Existing Credit Agreement (the "SVB Loans"). Simultaneously with the closing of this Agreement, it is understood and agreed by all Persons signatory hereto that Silicon Valley Bank shall sell and assign to the Assignee Lenders, and the Assignee Lenders shall purchase and assume from Silicon Valley Bank, all of Silicon Valley Bank's rights and obligations under the Existing Credit Agreement including the SVB Loans and all accrued interest thereon (the "SVB Assignment") on the terms and conditions set forth in that certain Assignment and Acceptance, dated as of the Closing Date, by and between Silicon Valley Bank and the Assignee Lenders (and consented to by the Borrower), which assignment shall be effective as of the Closing Date. For the avoidance of doubt, the portion of SVB Loans assigned to each Assignee Lender pursuant to the SVB Assignment on the Closing Date shall be as follows:

SunTrust Bank:	$18,703,125.00
The Huntington National Bank:	$6,234,375.00

Section 11.2 **Escrow Arrangements**. In order to induce the Assignee Lenders to purchase and assume the SVB Loans pursuant to the SVB Assignment, the Borrower has agreed to remit the Escrow Funds on the Closing Date to the Escrow Agent for the benefit of each Assignee Lender in accordance with the applicable Escrow Agreement for the applicable Assignee Lender for the period commencing on the Closing Date and ending on the earliest to occur of (i) the three-month anniversary of the Closing Date and (ii) the date that the Escrow Funds are disbursed in full pursuant to any prepayment described in Section 11.4 (such period, the "Escrow Period").

Section 11.3 **Assignments During Escrow Period**.

(a) Optional Assignment. Notwithstanding anything else to the contrary contained herein (including, without limitation, Section 10.4(b)), no Assignee Lender shall be permitted to assign all or any portion of its Term Loans during the Escrow Period other than in connection with a Qualified Assignment pursuant to Section 11.3(b) below.

(b) Mandatory Qualified Assignment. During the Escrow Period, (i) each of the parties hereto acknowledges and agrees that the Borrower may engage the Arranger to use commercially reasonable efforts to further syndicate the SVB Loans acquired and held by the Assignee Lenders and (ii) each Assignee Lender agrees to assign a portion of its Term Loans in an amount not to exceed such Assignee Lender's Qualified Amount pursuant to, and to otherwise facilitate the execution, delivery and execution of, a Qualified Assignment. The assignee in any Qualified Assignment shall purchase from each Assignee Lender such Assignee Lender's share of the Term Loans that are being assigned and each such Assignee

Lender shall thereafter promptly return (or cause to be returned by the Escrow Agent in accordance with the terms of the Escrow Agreement) an amount of the Escrow Funds equal to the principal amount of the Term Loans so assigned by such Assignee Lender to the Borrower (with any excess Escrow Funds to be applied as a prepayment in accordance with Section 11.4(b) below); provided that upon the return of any Escrow Funds to the Borrower under this Section 11.3(b) (whether by the Escrow Agent or the applicable Assignee Lender), such cash shall no longer be Excluded Property solely due to it previously having been Escrow Funds.

Upon the expiration of the Escrow Period, Section 10.4 (together with any other corresponding provisions) shall govern the terms and conditions of assignments without giving effect to this Section 11.3.

Section 11.4 **Escrow Agreement Prepayments**.

(a) Optional Prepayment. The Borrower shall have the right at any time upon written notice to the Administrative Agent and the Assignee Lenders to cause all or a portion of the Escrow Funds to be applied to prepay the Term Loans held by the Assignee Lenders subject to and in accordance with subsection (c) of this Section, the notice provisions of Section 2.6 and the terms and conditions of the Escrow Agreement.

(b) Mandatory Prepayment. Immediately upon receipt by an Assignee Lender of any Escrow Funds pursuant to Section 1.3 of the Escrow Agreement, the full amount of the Escrow Funds received by such Assignee Lender shall be required to be applied to prepay the Term Loans in accordance with subsection (c) of this Section.

(c) Application of Prepayments. Any application of Escrow Funds to prepay the Term Loans pursuant to subsections (a) and (b) above shall be applied (i) to the principal balance of the Term Loans held by each Assignee Lender based on such Assignee Lender's *pro rata* share of the aggregate amount of Escrow Funds existing and held by the Assignee Lenders immediately prior to giving effect to the prepayment and (ii) to the installments of the Term Loans held by such Assignee Lenders in the inverse order of maturity. It is understood and agreed that no amortization payment or mandatory or voluntary prepayment paid in cash during the Escrow Period (from funds other than the Escrow Funds) shall cause the Escrow Funds to be reduced.

For the avoidance of doubt, the parties agree that any prepayment made with the Escrow Funds pursuant to this Section 11.4 shall only be applied to reduce the Term Loans held by the Assignee Lenders and no portion shall be used or required to prepay any Indebtedness consisting of the NPA Financing.

Section 11.5 **Remedies**. It is understood and agreed by all parties to this Agreement that, in addition to each Assignee Lender's rights with respect to the Escrow Funds as set forth herein, each Assignee Lender shall also have the right to provide written instructions directing the Escrow Agent to disburse the Escrow Funds from the applicable Escrow Account and apply the proceeds thereof to prepay such Assignee Lender's Term Loans in accordance with and subject to the terms and conditions of the Escrow Agreement.

Section 11.6 **Termination**. Upon the expiration of the Escrow Period (including the completion of any prepayments in full of the Escrow Funds giving rise to such expiration), (i) Sections 11.2 through 11.5, the corresponding definitions and other provisions herein solely relating to the Escrow Agreements shall be deemed to be null and void (without impairing the validity or

effectiveness of any other provision of this Agreement), (ii) the Escrow Accounts shall be closed and (iii) the Escrow Agreements shall be terminated pursuant to the terms hereof and thereof.

[*Remainder of page intentionally blank; signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ROOT, INC.

By: /s/ Alexander Timm

Name: Alexander Timm
Title: Chief Executive Officer

ROOT STOCKHOLDINGS, INC.

By: /s/ Alexander Timm

Name: Alexander Timm
Title: Chief Executive Officer

SUNTRUST BANK
as the Administrative Agent and as a Lender

By: */s/ David Fournier*

Name: David Fournier
Title: Managing Director

THE HUNTINGTON NATIONAL BANK
as a Lender

By: */s/ Melissa Diethelm*

Name: Melissa Diethelm
Title: Vice President

WESTERN ALLIANCE BANK
as a Lender

By: */s/ Tony Paster*

Name: Tony Paster
Title: AVP, Technology Banking

Outgoing Lender:

SILICON VALLEY BANK

By: */s/ Michael Shuhy*

Name: Michael Shuhy
Title: Managing Director

FIRST AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS **FIRST AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT** is dated as of February 20, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Borrower"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), each of the financial institutions party hereto as "Lenders" (the "Lenders") and **TRUIST BANK**, successor by merger to SunTrust Bank, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, Holdings, the Lenders and the Administrative Agent are parties to that certain Amended and Restated Term Loan Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement");

WHEREAS, the Borrower, Holdings, Root Insurance Agency, LLC, an Ohio limited liability company, Buzzwords Labs Inc., a Delaware corporation, Root Enterprise, LLC, a Delaware limited liability company, and the Administrative Agent are parties to that certain Guaranty and Security Agreement dated as of April 17, 2019 (as amended by that certain Reaffirmation Agreement and Master Amendment, dated as of November 25, 2019, by and among the Borrower, Holdings, the other Loan Parties thereto and the Administrative Agent, and as further amended, restated, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement");

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders amend certain provisions of the Term Loan Agreement, as more particularly set forth below;

WHEREAS, subject to the terms and conditions set forth herein, the Borrower, Holdings, the Administrative Agent and the Lenders have agreed to amend the Term Loan Agreement;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Capitalized terms which are used herein without definition and which are defined in the Term Loan Agreement shall have the same meanings herein as in the Term Loan Agreement.

Section 2. Amendments to Term Loan Agreement.

(a) The Term Loan Agreement is hereby amended by replacing the defined terms "Lenders", "Loans", "Term Loan" and "Term Loan Commitment" set forth in Section 1.1 thereof in their entirety with the following:

> ""Lenders" shall have the meaning set forth in the introductory paragraph hereof and shall include, where appropriate, each Increasing Lender and each Additional Lender that joins this Agreement pursuant to Section 2.18.
>
> "Loans" shall mean the Term Loans and shall include, where appropriate, any loan made pursuant to Section 2.18.

"Term Loan" shall mean a term loan made by a Lender to the Borrower pursuant to (i) Section 2.1 and Section 2.18 of the Existing Credit Agreement and continued hereunder as set forth in Section 2.1 hereof and (ii) Section 2.18 hereof.

"Term Loan Commitment" shall mean, with respect to each Lender, (i) the obligation of such Lender to make a Term Loan hereunder on the Original Closing Date or the Original Incremental Effective Date, as applicable, and (ii) the obligation of any such Lender that becomes an Increasing Lender or Additional Lender pursuant to Section 2.18 to make a Term Loan hereunder on the applicable Incremental Effective Date not exceeding the amount set forth with respect to such Lender in the applicable Incremental Joinder Agreement."

(b) The Term Loan Agreement is hereby further amended by adding the following new defined terms to Section 1.1 thereof in the appropriate alphabetical order:

""Additional Lender" shall have the meaning set forth in Section 2.18.

"Increasing Lender" shall have the meaning set forth in Section 2.18.

"Incremental Commitment" shall have the meaning set forth in Section 2.18.

"Incremental Effective Date" shall have the meaning set forth in Section 2.18.

"Incremental Joinder Agreement" shall have the meaning set forth in Section 2.18.

"Incremental Term Loan" shall have the meaning set forth in Section 2.18.

"Original Incremental Effective Date" shall mean June 28, 2019."

(c) The Term Loan Agreement is hereby further amended by replacing Section 2.18 thereof in its entirety with the following:

"Section 2.18. **Increase of Commitments; Additional Lenders**.

(a) From time to time after the Closing Date and in accordance with this Section, the Borrower and one or more Increasing Lenders or Additional Lenders (each as defined below) may enter into an agreement to increase the aggregate Term Loan Commitments hereunder (such increase, an "Incremental Commitment") so long as the following conditions are satisfied as of the funding date of such Incremental Commitment (the "Incremental Effective Date"):

(i) the aggregate principal amount of all such Incremental Commitments made pursuant to this Section shall not exceed $12,500,000;

(ii) the Borrower shall execute and deliver such documents and instruments and take such other actions as maybe reasonably required by the Administrative Agent in connection with and at the time of any such proposed increase;

(iii) at the time of and immediately after giving effect to any such proposed increase, no Default or Event of Default shall exist, all

representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects), and, since December 31, 2018, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;

(iv) any incremental Term Loans made pursuant to this Section (the "Incremental Term Loans") shall have a Weighted Average Life to Maturity no shorter than that of the Term Loans made pursuant to (and as defined in) the Existing Credit Agreement and continued on the Closing Date as set forth in Section 2.1;

(v) the Borrower and Holdings shall be in pro forma compliance with each of the financial covenants set forth in Article VI, after giving effect to any such proposed increase, as of the most recently ended Fiscal Month (or Fiscal Quarter, as applicable) for which financial statements are required to have been delivered, calculated as if all such Incremental Term Loans had been made as of the first day of the relevant period for testing compliance;

(vi) if the Initial Yield applicable to any such Incremental Term Loans exceeds by more than 0.50% *per annum* the sum of the Applicable Margin then in effect for Eurodollar Loans plus one fourth of the Up-Front Fees paid in respect of the existing Term Loans (the "Existing Yield"), then the Applicable Margin of the existing Term Loans shall increase by an amount equal to the difference between the Initial Yield and the Existing Yield minus 0.50% *per annum;*

(vii) any collateral securing any such Incremental Commitments shall also secure all other Obligations on a *pari passu* basis; and

(viii) all other terms and conditions with respect to any such Incremental Commitments shall be reasonably satisfactory to the Administrative Agent.

(b) The Borrower shall provide at least 5 days' (or such shorter period as acceptable to Administrative Agent in its sole discretion) advance written notice to the Administrative Agent of any request to establish an Incremental Commitment. No Lender (or any successor thereto) shall have any obligation, express or implied, to offer to increase the aggregate principal amount of its Term Loan Commitment, and any decision by a Lender to increase its Term Loan Commitment shall be made in its sole discretion independently from any other Lender. Only the consent of existing Lenders who desire to increase their Term Loan Commitments (the "Increasing Lenders") and new Lenders who desire to provide Term Loan Commitments (the "Additional Lenders") shall be required for an increase in the aggregate principal amount of the Term Loan Commitments pursuant to this Section. No Lender which declines to increase the principal amount of its Term Loan Commitment may be replaced with respect to its existing Term Loans as a result thereof without such Lender's consent.

(c) Subject to subsections (a) and (b) of this Section, any increase requested by the Borrower shall be effective upon delivery to the Administrative Agent of each of the following documents:

(i) an originally executed copy of an instrument of joinder, in form and substance reasonably acceptable to the Administrative Agent (an "Incremental Joinder Agreement"), executed by the Borrower, the Administrative Agent, each Additional Lender and by each Increasing Lender, setting forth the Incremental Commitments of such Lenders and, if applicable, setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all of the terms and provisions hereof;

(ii) such evidence of appropriate corporate authorization on the part of the Borrower with respect to such Incremental Commitment and such opinions of counsel for the Borrower with respect to such Incremental Commitment as the Administrative Agent may reasonably request;

(iii) a certificate of the Borrower signed by a Responsible Officer, in form and substance reasonably acceptable to the Administrative Agent, certifying that each of the conditions in subsection (a) of this Section has been satisfied;

(iv) to the extent requested by any Additional Lender or any Increasing Lender, executed promissory notes evidencing such Incremental Term Loans, issued by the Borrower in accordance with Section 2.5; and

(v) any other certificates or documents that the Administrative Agent shall reasonably request, in form and substance reasonably satisfactory to the Administrative Agent.

Upon the funding of each such Incremental Commitment, the Term Loans and Pro Rata Share of each Lender will be adjusted to give effect to the Incremental Term Loans and Schedule I shall automatically be deemed amended accordingly.

(d) The terms and provisions of the Incremental Term Loans shall be, except as otherwise set forth herein, identical to the existing Term Loans. The scheduled principal payments on the Term Loans to be made pursuant to Section 2.4 shall be ratably increased after the making of any Incremental Term Loans under this Section 2.18 by the aggregate principal amount of such Incremental Term Loans (subject to customary adjustments to provide for the "fungibility" of such Incremental Term Loans). Notwithstanding anything to the contrary in Section 10.2, the Administrative Agent (together with the consent of the Borrower) is expressly permitted to amend the Loan Documents to the extent necessary to give effect to any increase pursuant to this Section and mechanical changes necessary or advisable in connection therewith (including amendments to implement the requirements in the preceding sentence and amendments to ensure *pro rata* allocations of Eurodollar Loans and Base Rate Loans between Loans incurred pursuant to this Section and Loans outstanding immediately prior to any such incurrence) without the consent of any Lender other than the Lenders participating in such Incremental Term Loans.

(e) For purposes of this Section, the following terms shall have the meanings specified below:

"Initial Yield" shall mean, the amount (as determined by the Administrative Agent) equal to the sum of (A) the margin above the Eurodollar Rate on Incremental Term Loans (including as margin the effect of any "LIBO rate floor" applicable on the date of the calculation), plus (B) (x) the amount of any Up-Front Fees on Incremental Term Loans (including any fee or discount received by the Lenders in connection with the initial extension thereof), divided by (y) the lesser of (1) the Weighted Average Life to Maturity of such Incremental Term Loans and (2) four.

"Up-Front Fees" shall mean the amount of any fees or discounts received by the Lenders in connection with the making of Loans or extensions of credit, expressed as a percentage of such Loan or extension of credit. For the avoidance of doubt, "Up-Front Fees" shall not include any arrangement, structuring, amendment or other similar fee paid to the Arranger (or any arranger of an Incremental Term Loan).

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

(d) The Term Loan Agreement is hereby further amended by deleting sub-clause (d)(i) of Section 7.15 thereof in its entirety and substituting in lieu thereof the following:

"(i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 per policy (or per occurrence) and"

(e) The Term Loan Agreement is hereby further amended by inserting the following new paragraph at the end of Section 10.2 thereof:

"Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may enter into Incremental Joinder Agreements in order to provide for the incurrence of Incremental Term Loans and the modification of the Loan Documents as provided in Section 2.18."

Section 3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is subject to the truth and accuracy of the warranties and representations set forth in Sections 4 and 5 below and receipt by the Administrative Agent of each of the following, each of which shall be in form and substance satisfactory to Administrative Agent:

(a) this Amendment, duly executed and delivered by the Borrower, Holdings, the Lenders constituting the Required Lenders and the Administrative Agent;

(b) an amendment to the Note Purchase Agreement, in form and substance reasonably satisfactory to the Administrative Agent; and

(c) evidence that, substantially concurrently with or prior to the effectiveness of this Amendment, a Qualified Assignment in an aggregate amount not to exceed $12,500,000 shall have been consummated on terms and conditions reasonably satisfactory to the Administrative Agent.

Section 4. Representations. The Borrower and Holdings represent and warrant to the Administrative Agent and the Lenders that, as of the date hereof:

(a) Power and Authority. Each of the Borrower and Holdings has the requisite power and authority to execute, deliver and perform its obligations under this Amendment and the Term Loan Agreement, as amended by this Amendment, and have taken all necessary organizational and, if required, shareholder, partner or member action to duly authorize the execution, delivery and performance of this Amendment. Each of this Amendment and the Term Loan Agreement, as amended by this Amendment, constitutes the valid and binding obligation of each of the Borrower and Holdings enforceable against them in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by the Borrower and Holdings of this Amendment, and compliance by them with the terms and provisions of the Term Loan Agreement, as amended by this Amendment: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or 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 Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Loan Party is a party or by which they or any of their property or assets is bound or to which they may be subject or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws of the Borrower or Holdings or any other Loan Party.

(c) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for those that have otherwise been obtained or made on or prior to the date of the effectiveness of this Amendment and which remain in full force and effect on such date), or exemption by, any Governmental Authority, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Amendment by each of the Borrower and Holdings or (ii) the legality, validity, binding effect or enforceability of the Term Loan Agreement, as amended by this Amendment against the Borrower and Holdings.

(d) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(e) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

Section 5. Reaffirmation of Representations. Each of the Borrower and Holdings hereby repeats and reaffirms all representations and warranties made to the Administrative Agent and the Lenders

in the Term Loan Agreement and the other Loan Documents on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full (except to the extent that such representations and warranties relate expressly to an earlier date, in which case such representations and warranties were true and correct as of such earlier date).

Section 6. No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Term Loan Agreement and each of the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and the Lenders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Term Loan Agreement and the other Loan Documents in the future, in each case, pursuant to the terms of the Loan Documents. Each of the Borrower and Holdings hereby (i) restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Term Loan Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Loan Document to which it is a party, or reduce, impair or discharge the obligations of the Borrower or Holdings or the Collateral granted to the Administrative Agent and/or the Lenders thereunder. The Lenders' agreement to the terms of this Amendment or any other amendment of the Term Loan Agreement or any other Loan Document shall not be deemed to establish or create a custom or course of dealing between the Borrower, Holdings or the Lenders, or any of them. This Amendment shall be deemed to be a "Loan Document" for all purposes under the Term Loan Agreement. After the effectiveness of this Amendment, each reference to the Term Loan Agreement in any of the Loan Documents shall be deemed to be a reference to the Term Loan Agreement as amended by this Amendment. The amendments contained herein shall be deemed to have prospective application only.

Section 7. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(b) The Borrower agrees to reimburse the Administrative Agent on demand for all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent incurred by the Administrative Agent in negotiating, documenting and consummating this Amendment and the transactions contemplated hereby and thereby.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower, Holdings the Lenders and the Administrative Agent have caused this First Amendment to Amended and Restated Term Loan Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

BORROWER:

ROOT, INC.

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel & Secretary

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel & Secretary

TRUIST BANK, as Administrative Agent and a Lender

By: */s/ David Fournier*
Name: David Fournier
Title: Managing Director

THE HUNTINGTON NATIONAL BANK, as a Lender

By: */s/ Melissa Diethelm*
Name: Melissa Diethelm
Title: Vice President

WESTERN ALLIANCE BANK, as a Lender

By: */s/ Tony Pastor*
Name: Tony Pastor
Title: AVP, Technology Banking

CONFIRMATION OF GUARANTY

The undersigned Guarantors hereby (a) acknowledge, consent and agree to the terms of the foregoing Amendment and (b) agree and confirm that their obligations as set forth in the Guaranty and Security Agreement and all other Loan Documents to which they are a party will continue in full force and effect and extend to all Obligations (as defined in the Term Loan Agreement, as amended and modified by this Amendment).

As of this 20th day of February 2020.

ROOT INSURANCE AGENCY, LLC

By: Root, Inc., its Sole Member

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel & Secretary

BUZZWORDS LABS INC.

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel

ROOT ENTERPRISE, LLC

By: */s/ Raja Chakravorti*
Name: Raja Chakravorti
Title: President

SECOND AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS SECOND AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT is dated as of September 14, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Borrower"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT INSURANCE AGENCY, LLC**, an Ohio limited liability company ("RIA"), **BUZZWORDS LABS INC.**, a Delaware corporation ("Buzzwords") and **ROOT ENTERPRISE, LLC**, a Delaware limited liability company ("Enterprise"; and together with the Borrower, Holdings, RIA and Buzzwords, each individually a "Loan Party" and collectively, the "Loan Parties") each of the financial institutions party hereto as "Lenders" (the "Lenders") and **TRUIST BANK**, successor by merger to SunTrust Bank, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, Holdings, certain of the Lenders and the Administrative Agent are parties to that certain Amended and Restated Term Loan Agreement dated as of November 25, 2019 (as amended by that certain First Amendment to Amended and Restated Term Loan Agreement dated as of February 20, 2020 and as otherwise amended, restated, supplemented or otherwise modified from time to time, the "Existing Loan Agreement");

WHEREAS, each of the Loan Parties are party to that certain Guaranty and Security Agreement dated as of April 17, 2019 (as amended and reaffirmed by that certain Reaffirmation Agreement and Master Amendment, dated as of November 25, 2019, by and among the Loan Parties and the Administrative Agent, and as further amended, restated, supplemented or otherwise modified from time to time, the "Existing Guaranty and Security Agreement");

WHEREAS, the Borrower has requested that the Administrative Agent and each of the Lenders to the Existing Loan Agreement (it being understood that, for the avoidance of doubt, the "Lenders" signatory to this Amendment constitute all of the Lenders under the Existing Loan Agreement and certain "New Lenders" (as defined below)) amend (a) certain provisions of the Existing Loan Agreement in order to (i) increase the aggregate principal amount of the Term Loans, (ii) establish a revolving credit facility, (iii) extend the Maturity Date, (iv) modify the financial covenants and (v) make certain other changes set forth herein and (b) certain provisions of the Existing Guaranty and Security Agreement;

WHEREAS, Holdings and the Borrower have notified the Administrative Agent of their intent to change their names to, respectively, Root, Inc. and Caret Holdings, Inc., at which time Root, Inc. shall be Holdings and Caret Holdings, Inc. shall be the Borrower under the Amended Loan Agreement (as defined below) (the "IPO Name Changes");

WHEREAS, subject to the terms and conditions set forth herein, the Loan Parties, the Administrative Agent and the Lenders have agreed to amend the Existing Loan Agreement and the Existing Guaranty and Security Agreement; and

WHEREAS, the parties hereto desire to have each entity listed on Schedule I attached hereto (each, a "New Lender" and, collectively, the "New Lenders") become a party to the Amended Loan Agreement (as defined below) in its capacity as a "Lender" and to have all rights, benefits and obligations of a Lender under the Amended Loan Agreement and the other Loan Documents.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Existing Loan Agreement, as amended by this Amendment (the "Amended Loan Agreement").

Section 2. Ratification and Incorporation of Existing Loan Agreement, the Existing Guaranty and Security Agreement and Other Loan Documents; Acknowledgments. Except as expressly set forth herein, this Amendment (i) shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Existing Loan Agreement, the Existing Guaranty and Security Agreement or any other Loan Document, and (ii) shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Loan Agreement, the Existing Guaranty and Security Agreement or any other provision of either such agreement or any other Loan Document. Except as expressly set forth herein, each and every term, condition, obligation, covenant and agreement contained in the Existing Loan Agreement, the Existing Guaranty and Security Agreement and each other Loan Document is hereby ratified and re-affirmed in all respects and shall continue in full force and effect. Nothing in this Amendment is intended (or shall be construed) to constitute (a) the consent of the Administrative Agent or any Lender to any other provision or transaction other than as expressly set forth herein or (b) a waiver by Administrative Agent or any Lender of any Default or Event of Default. Each Loan Party acknowledges and agrees that as of the Second Amendment Effective Date immediately before giving effect to the consummation of this Amendment, the aggregate principal balance of the Term Loan was $86,502,424.78 (which does not include interest, fees, expenses and other amounts that are chargeable or otherwise reimbursable under or in connection with this Amendment, the Amended Loan Agreement and the other Loan Documents).

Section 3. Amendments to Existing Loan Agreement and the Existing Guaranty and Security Agreement. The Loan Parties, the Administrative Agent and the undersigned Lenders hereby consent and agree to the following amendments:

(a) The parties hereto hereby agree that the Existing Loan Agreement is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in Annex A attached hereto. Upon the Second Amendment Effective Date, all of the Obligations incurred under the Existing Loan Agreement shall, to the extent outstanding on the Second Amendment Effective Date, continue to be outstanding under the Amended Loan Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Amendment, and this Amendment shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder. For the avoidance of doubt, the name of the Existing Loan Agreement is hereby amended from "Amended and Restated Term Loan Agreement" to "Amended and Restated Revolving Credit and Term Loan Agreement" (as reflected in the Amended Loan Agreement);

(b) The parties hereto hereby agree that the Schedules to the Existing Loan Agreement are amended to replace Schedules I, 4.14, 4.16 and 4.18 with the corresponding new Schedules I, 4.14, 4.16 and 4.18 set forth in Annex B attached hereto;

(c) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are amended to add the new Exhibits 2.3 (Form of Notice of Revolving Borrowing) and 2.4 (Form of Notice of Swingline Borrowing) set forth in Annex C attached hereto;

(d) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are further amended to replace Exhibit 5.1(d) in its entirety with the corresponding new Exhibit 5.1(d) set forth in Annex D attached hereto; and

(e) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are further amended to rename "Exhibit 2.9" as "Exhibit 2.13" and "Exhibits 2.16(A)-(D)" as "Exhibits 2.20(A)-(D)"; provided that it is understood and agreed that the substance of such Exhibits shall not change; and

(f) The parties hereto hereby agree that the Existing Guaranty and Security Agreement is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in Annex E attached hereto. Upon the Second Amendment Effective Date, all of the Obligations incurred and Liens granted under the Existing Guaranty and Security Agreement shall, to the extent outstanding on the Second Amendment Effective Date, continue to be outstanding under the Existing Guaranty and Security Agreement as amended hereby (the "Amended Guaranty and Security Agreement") and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Amendment. This Amendment shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder, and shall not have any impact on the perfection of the Liens granted by the Loan Parties under the Existing Guaranty and Security Agreement.

Section 4. Conditions Precedent to Effectiveness. This Amendment will become effective on the date (the "Second Amendment Effective Date") on which each of the following conditions has been satisfied to the satisfaction of the Administrative Agent:

(a) the Administrative Agent shall have received a counterpart of this Amendment, duly executed and delivered by the Borrower, Holdings, all other Loan Parties, all Lenders (including the New Lenders), and the Administrative Agent;

(b) for any Lender (including any New Lender) that has requested a new and/or replacement (as applicable) promissory note prior to the Second Amendment Effective Date, the Administrative Agent shall have received such duly executed promissory note issued by the Borrower payable to such Lender that requested the same;

(c) the Administrative Agent shall have received (i) a duly executed amendment to the Note Purchase Agreement and (ii) a duly executed amendment to the Intercreditor Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent;

(d) the Administrative Agent shall have received written opinions of Cooley LLP and Squire Patton Boggs LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, this Amendment, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders);

(e) the Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of each Loan Party in form and substance satisfactory to the Administrative Agent, attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Loan Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing this Amendment and the Loan Documents to which it is a party;

(f) the Administrative Agent shall have received certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Loan Party;

(g) the Administrative Agent shall have received one or more duly executed borrowing notices from the Borrower in form and substance reasonably acceptable to the Administrative Agent with respect to the Term Loans and any Revolving Loans to be made on the Second Amendment Effective Date (it being understood and agreed that the Administrative Agent and each Lender party hereto waives (i) the advance notice requirement under Section 2.3 of the Existing Loan Agreement for Eurodollar Borrowings solely with respect to such Eurodollar Borrowings to be funded on the Second Amendment Effective Date and (ii) any losses, costs or expenses owing to such Lenders pursuant to Section 2.19 of the Existing Loan Agreement solely as a result of the refunding of any Eurodollar Loans on the Second Amendment Effective Date);

(h) the Administrative Agent shall have received a certificate dated as of the Second Amendment Effective Date and signed by a Responsible Officer (i) certifying that immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects) and (C) since the date of the financial statements of the Borrower described in Section 4.4 of the Existing Loan Agreement, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect, (ii) confirming that the Loan Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date and (iii) that attaches a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI of the Amended Loan Agreement as of July 30, 2020;

(i) The Administrative Agent shall have received the results of recent lien and judgment searches in each of the jurisdictions in which UCC financing statements or similar filings or recordations should be made to evidence or perfect security interests in all assets of the

Loan Parties, and such searches shall reveal no Liens on any of the assets of the Loan Party, except for Permitted Liens or Liens to be discharged on or prior to the Second Amendment Effective Date;

(j) the Administrative Agent shall have received (i) an upfront fee in an amount equal to $400,000, for the benefit of each of the Lenders in accordance with their Pro Rata Share of all Revolving Commitments and Term Loans under the Amended Credit Agreement and (ii) payment all other fees, expenses and other amounts owing to the Administrative Agent, Truist Securities (f/k/a SunTrust Robinson Humphrey, Inc.) and the Lenders in accordance with that certain engagement letter dated September 10, 2020 executed by Truist Securities and accepted by the Borrower;

(k) the Administrative Agent shall have received evidence that all fees, charges and disbursements of counsel to the Administrative Agent have been paid by the Borrower; and

(l) the Administrative Agent shall have received information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Section 5. Condition Subsequent. At any time after the closing of this Amendment on the Second Amendment Effective Date but before 5:00pm Charlotte, North Carolina on the third (3rd) Business Day after the Second Amendment Effective Date, Holdings and the Borrower shall have (i) filed the IPO Name Changes with the Delaware Secretary of State and (ii) delivered evidence and a record of such filing to the Administrative Agent. For the avoidance of doubt, the Administrative Agent and the Lenders hereby consent to the IPO Name Changes notwithstanding the advance notice requirement set forth in Section 6.6 of the Guaranty and Security Agreement so long as the Borrower and Holdings comply with the conditions described in clauses (i) and (ii) of this Section 5.

Section 6. Joinder of New Lenders. Each New Lender, by executing this Amendment, hereby agrees to be joined to the Amended Loan Agreement and become a "Lender" under the Amended Loan Agreement and the other Loan Documents with all of the rights and benefits of a Lender under the Amended Loan Agreement and the other Loan Documents, and to be bound by all of the terms and provisions (and subject to all of the obligations) of a Lender under the Amended Loan Agreement and the other Loan Documents.

Section 7. Representations. Each of the Loan Parties represents and warrants to the Administrative Agent and the Lenders that, as of the date hereof:

(a) Power and Authority. The execution, delivery and performance by such Loan Party of this Amendment and such Loan Party's performance under each Loan Document to which it is a party, as amended hereby (including, for the avoidance of doubt, pursuant to the Amended Loan Agreement and Amended Guaranty and Security Agreement, as applicable), are within its organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Amendment has been duly executed and delivered by such Loan Party and constitutes a valid and binding obligation, enforceable against such Loan Party in accordance with its respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by such Loan Party of this Amendment, and compliance by such Loan Party with the terms and provisions of the Amended Guaranty and Security Agreement and, solely in the case of Holdings and the Borrower, the Amended Loan Agreement: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or 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 Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Loan Party is a party or by which they or any of their property or assets is bound or to which they may be subject (other than the existing Liens granted under the Loan Documents that secure the Obligations, which for the avoidance of doubt shall be unaffected by this Amendment) or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws (or similar corporate documents) of such Loan Party. The execution, delivery and performance by the Borrower and Holdings of this Amendment, and compliance by them with the terms and provisions of the Amended Loan Agreement (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Loan Documents, (b) will not materially violate (x) any Requirement of Law applicable to Holdings or Borrower or (y) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or Borrower or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or Borrower (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or Borrower, except Liens (if any) created under the Loan Documents and Liens permitted under Section 7.2 of the Amended Loan Agreement.

(c) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(d) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens (other than in connection with the IPO Name Changes).

Section 8. Effect of this Amendment; No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Existing Loan Agreement, the Existing Guaranty and Security Agreement and each of the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and the Lenders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Amended Loan Agreement, the Existing Guaranty and Security Agreement and the other Loan Documents in the future, in each case, pursuant to the terms of the Loan Documents. Each reference in the Existing Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Existing Loan Agreement, and each reference in the other Loan Documents to the "Amended and Restated Term Loan Agreement", "thereunder", "thereof" or words of like import referring to the Existing Loan Agreement, shall mean and be a reference to the Amended Loan Agreement. Each of (i) the Borrower and Holdings hereby restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Existing Loan Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) the other Loan Parties hereby restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every

term, covenant and condition set forth in the Existing Guaranty and Security Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby. Each Loan Party acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Loan Document to which it is a party, or reduce, impair or discharge the obligations of any Loan Party or the Collateral granted to the Administrative Agent and/or the Lenders thereunder. The Lenders' agreement to the terms of this Amendment or any other Loan Document shall not be deemed to establish or create a custom or course of dealing between the Borrower, Holdings or the Lenders, or any of them. This Amendment shall be deemed to be a "Loan Document" for all purposes under the Loan Agreement. The amendments contained herein shall be deemed to have prospective application only.

Section 9. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by electronic transmission (in pdf form) shall be as effective as delivery of a manually executed counterpart hereof.

(b) Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Loan Parties, the Lenders and the Administrative Agent have caused this Second Amendment to Amended and Restated Loan Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

BORROWER:

ROOT, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

HOLDINGS:

ROOT INSURANCE AGENCY, LLC

By: Root, Inc., its Sole Member

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

BUZZWORDS LABS INC.

By: Root, Inc., its Sole Member

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel

ROOT ENTERPRISE, LLC

By: Root, Inc., its Sole Member

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

TRUIST BANK, as Administrative Agent and a Lender

By: */s/ David Fournier*

Name: David Fournier

Title: Managing Director

The Huntington National Bank, as a Lender

By: */s/ Melissa Diethelm*

Name: Melissa Diethelm

Title: Vice President

GOLDMAN SACHS LENDING PARTNERS LLC,
as a Lender

By: */s/ Melissa Diethelm*
Name: Ryan Durkin
Title: Authorized Signatory

WESTERN ALLIANCE BANK, as a Lender

By: */s/ Brian McCabe*
Name: Brian McCabe
Title: Director

New Lenders:

MORGAN STANLEY SENIOR FUNDING, INC.,
as
a Lender

By: */s/ Julie Lilienfeld*
Name: Julie Lilienfeld
Title: Authorized Signatory

Wells Fargo Bank, N.A., as a Lender

By: */s/ Paritosh Satia*

Name: Paritosh Satia

Title: Director

BARCLAYS BANK PLC, as a Lender

By: */s/ Ronnie Glenn*

Name: Ronnie Glenn

Title: Director

DEUTSCHE BANK AG NEW YORK BRANCH,
as a Lender

By: */s/ Michael Strobel*
Name: Michael Strobel
Title: Vice President
michael-p.strobel@db.com
212-250-0939

By: _____
Name:
Title:

THIS NOTE PURCHASE AGREEMENT HAS NOT BEEN REGISTERED PURSUANT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED PURSUANT TO ANY APPLICABLE STATE SECURITIES LAW. THE NOTES ISSUED PURSUANT TO THIS NOTE PURCHASE AGREEMENT MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT AND QUALIFIED PURSUANT TO APPLICABLE STATE SECURITIES LAWS OR IF AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION, AND QUALIFICATION NOR SUCH EXEMPTION IS REQUIRED BY LAW.

NOTE PURCHASE AGREEMENT

dated as of November 25, 2019 by and among

ROOT STOCKHOLDINGS, INC.
as Holdings

ROOT, INC.
as Issuer

THE NOTEHOLDERS FROM TIME TO TIME PARTY HERETO

and

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Administrative Agent

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NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (this "Agreement") is made and entered into as of November 25, 2019, by and among **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT, INC.**, a Delaware corporation (the "Issuer"), the **NOTEHOLDERS** from time to time party hereto (the "Noteholders") and **WILMINGTON TRUST, NATIONAL ASSOCIATION** ("Wilmington Trust"), in its capacity as Administrative Agent for the Noteholders.

W I T N E S S E T H:

WHEREAS, the Issuer has requested that the Noteholders purchase Notes in an aggregate principal amount equal to $100,000,000 from the Issuer on the Closing Date; and

WHEREAS, subject to the terms and conditions of this Agreement, the Noteholders, to the extent of their respective Commitments as defined herein, are willing severally to purchase Notes from the Issuer on the Closing Date.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Issuer, the Noteholders and the Administrative Agent agree as follows:

ARTICLE I.

DEFINITIONS; CONSTRUCTION

Section 1.1. **Definitions**. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Act" shall mean the Securities Act of 1933, as amended and in effect from time to time.

"Adjusted LIBO Rate" shall mean, with respect to each Interest Period for a Eurodollar Note, (i) the rate *per annum* equal to the London interbank offered rate for deposits in Dollars appearing on the applicable Bloomberg screen page (or such other commercially available source providing rate quotations comparable to those currently provided on such page as may be reasonably designated by the Administrative Agent from time to time) (in each case, the "Screen Rate") at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period, divided by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) expressed as a decimal (rounded upward to the next 1/100th of 1%) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D). For purposes of this Agreement and notwithstanding anything herein to the contrary, the Adjusted LIBO Rate shall not be less than 1.5% and if otherwise less than 1.5%, the Adjusted LIBO Rate shall be deemed to be equal to 1.5%.

"Administrative Agent" shall mean Wilmington Trust, in its capacity as administrative agent under any of the Note Documents, or any successor administrative agent (as may be appointed in accordance with Section 9.7); provided, that the Administrative Agent shall not act as, or be deemed to act as, transfer agent or registrar under Article 8 of the UCC or Section 17A(c) of the Exchange Act hereunder or under any other Note Document.

"Administrative Questionnaire" shall mean, with respect to each Noteholder, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent duly completed by such Noteholder.

"Affiliate" shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the specified Person. For the purposes of this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Agency Agreement" shall mean that certain Authorized Producer Agreement, dated as of October 1, 2018, by and between the Root Insurance Company and RIA, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time to the extent permitted hereby.

"Agent Fee Letter" means that certain Fee Letter, dated as of the date hereof, between the Issuer and the Administrative Agent.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph hereto.

"Alternative Rate" shall mean for any day a rate *per annum* equal to the highest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50%, and (iii) one and one half of one percent (1.5%). Any change in the Alternative Rate due to a change in the Prime Rate or the Federal Funds Rate will be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Rate, as applicable. If the Administrative Agent shall have reasonably determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition of Federal Funds Rate, the Alternative Rate shall be determined without regard to clause (ii) of the preceding sentence until the circumstances giving rise to such inability no longer exist.

"Alternative Rate Notes" shall mean Notes for which the rate of interest is based upon the Alternative Rate.

"Anti-Corruption Laws" shall mean all laws, rules and regulations of any jurisdiction applicable to Holdings, the Issuer or their Subsidiaries concerning or relating to bribery or corruption.

"Applicable Margin" shall mean 7.00% *per annum*.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Noteholder and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in substantially the form of Exhibit A attached hereto or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

"Business Day" shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close and (ii) if such day relates to a payment or prepayment of principal or interest on, or an Interest Period for, a Eurodollar Note (or a notice with respect to any of the foregoing), any such day that is also a day on which dealings in Dollar deposits are not conducted by and between banks in the London interbank market.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP as in effect on December 31, 2017, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP as in effect on December 31, 2017.

"Capital Stock" shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Exchange Act).

"Ceded Earned Premium" shall mean all revenue recognized during the period of measurement for written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Ceded Written Premium" shall mean all premium covering written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Change in Control" shall mean the occurrence of one or more of the following events:

(i) at any time prior to the consummation of a Qualified IPO, the Permitted Holders shall cease to collectively own and control, on a fully diluted basis, Capital Stock of Holdings representing more than 50% (a) of the economic interests in Holdings or (b) the voting power of Holdings entitled to vote in the election of members of the board of directors (or equivalent governing body) of Holdings; or

(ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (in each case, within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) other than the Permitted Holders or a trustee or other fiduciary holding securities under an employee benefit plan of the Issuer

(a) shall have acquired, directly or indirectly, beneficial ownership of 35.0% or more of the outstanding shares of the voting interests in the Capital Stock of Holdings or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or equivalent governing body) of Holdings; or

(iii) at any time after the consummation of a Qualified IPO, during any period of 24 consecutive months, a majority of the members of the board of directors (or other equivalent governing body) of Holdings cease to be composed of individuals who are Continuing Directors; or

(iv) (a) Holdings shall cease to directly own and control 100% of the Capital Stock of the Issuer; or (b) the Issuer shall cease to own and control, directly or indirectly, 100% of the Capital Stock of each of its Subsidiaries (other than (x) pursuant to a transaction permitted by Sections 7.3(a) or 7.6 and (y) Subsidiaries the Capital Stock of which the Issuer does not directly or indirectly own 100% of at the time of the initial formation or acquisition of such Subsidiaries to the extent such initial formation or acquisition was permitted by Section 7.4); or

(v) at any time on or prior to the date that is 30 months following the Closing Date, Alex Timm shall own and control less than 4.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings; or

(vi) at any time on or prior to the date that is 30 months following the Closing Date, Alex Timm shall cease at any time to be directly involved in the day to day management of the Issuer.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 10.2, which date is the date hereof.

"Closing Date Transactions" shall mean (i) the execution and delivery of the Note Documents to be entered into on the Closing Date and the purchase of the Notes on the Closing Date, (ii) the issuance of the Closing Date Warrants and (iii) the execution and delivery of the Term Loan Agreement.

"Closing Date Warrants" shall mean those warrants issued by Holdings to DRD Contact, LLC on the Closing Date pursuant to that certain Warrant to Purchase Stock, dated the date hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Collateral" shall mean all tangible and intangible property, real and personal, of any Note Party that is or purports to be the subject of a Lien in favor of the Administrative Agent under the Note Documents to secure the whole or any part of the Obligations or any Guarantee thereof, and shall include, without limitation, all casualty insurance proceeds and condemnation awards with respect to any of the foregoing; provided that, for the avoidance of doubt, the

Collateral shall exclude (i) all of the assets of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary and (ii) all other Excluded Property.

"Collateral Access Agreement" shall mean each landlord waiver or bailee agreement granted to, and in form and substance reasonably acceptable to, the Administrative Agent.

"Collateral Assignment" shall mean that certain Collateral Assignment of Representations, Warranties, Covenants and Indemnities under the Agency Agreement, dated as of the date hereof, executed by RIA in favor of the Administrative Agent.

"Collateral Documents" shall mean, collectively, the Guaranty and Security Agreement, any Real Estate Documents, the Control Account Agreements, the Collateral Assignment, all Copyright Security Agreements, all Patent Security Agreements, all Trademark Security Agreements, all Collateral Access Agreements, and all other instruments and agreements now or hereafter securing or perfecting the Liens securing the whole or any part of the Obligations or any Guarantee thereof.

"Commitment" shall mean, with respect to each Noteholder, (i) the obligation of such Noteholder to purchase a Note hereunder on the Closing Date, in a principal amount not exceeding the amount set forth with respect to such Noteholder on Schedule I. The aggregate principal amount of all Noteholders' Commitments as of the Closing Date is $100,000,000.

"Compliance Certificate" shall mean a certificate from the principal executive officer, the principal financial officer, the principal accounting officer or the treasurer of the Issuer substantially in the form of, and containing substantially the certifications set forth in, the form attached hereto as Exhibit 5.1(d).

"Continuing Director" shall mean, with respect to any period, any individuals (A) who were members of the board of directors or other equivalent governing body of the Issuer on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"Control Account Agreement" shall mean any agreement by and among a Note Party, the Administrative Agent, the Term Loan Agent (if applicable), the collateral agent for any Pari Lien Debt (if applicable), and a depositary bank or securities intermediary at which such Note Party maintains a Controlled Account, in each case in form and substance reasonably satisfactory to the Administrative Agent.

"Controlled Account" shall have the meaning set forth in Section 5.11(a).

"Controlled Foreign Subsidiary" means any Subsidiary of Holdings that is a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"Copyright" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Copyright Security Agreement" shall mean any Copyright Security Agreement executed by a Note Party owning registered Copyrights or applications for Copyrights in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Closing Date and thereafter.

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

"Default" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" shall have the meaning set forth in Section 2.8(c).

"Direct Combined Ratio" shall mean the sum (expressed as a percentage) of the Direct Loss & LAE Ratio plus the Direct Expense Ratio.

"Direct Earned Premium" shall mean revenue recognized during the period of measurement for written insurance contracts, prior to any ceding, as determined in accordance with SAP.

"Direct Expense Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is Operating Expenses for all of the U.S. Insurance Subsidiaries for such period and (y) is Direct Written Premium of all U.S. Insurance Subsidiaries for such period.

"Direct Loss & LAE Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is the sum of (i) total new insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (ii) total renewal insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (iii) total costs for claims administration for all of the U.S. Insurance Subsidiaries related to Direct Earned Premium of the U.S. Insurance Subsidiaries for such period and (y) is Direct Earned Premium of the U.S. Insurance Subsidiaries for such period.

"Direct Written Premium" shall mean all premium covering written insurance contracts, prior to any ceding, during the period of measurement as determined in accordance with SAP.

"Disqualified Capital Stock" shall mean, with respect to any Person, any Capital Stock of such Person which (x) by its terms (or by the terms of any Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock), pursuant to a sinking fund

obligation or otherwise (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Notes and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date, (b) is redeemable at the option of the holder thereof (other than (i) solely for Qualified Capital Stock or (ii) as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Notes and all other Obligations that are accrued and payable), in whole or in part, on or prior to the date that is ninety-one (91) days following the Maturity Date, (c) provides for or otherwise permits the holder to receive scheduled payments of dividends or distributions in cash on or prior to the date that is ninety-one (91) days following the Maturity Date or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, on or prior to the date that is ninety-one (91) days following the Maturity Date or (y) contains any repurchase obligation which, by its terms, may come into effect (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Notes and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date.

"Disqualified Institution" shall mean (a) any direct competitor of the Issuer that is in the same or a substantially similar line of business and that has been identified in writing to the Administrative Agent on or prior to the Closing Date and from time to time thereafter, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an interest in any Note (each such entity, a "Competitor") and (b) any Person that is (i) reasonably identifiable (solely on the basis of name) as an Affiliate of any Competitor described in clause (a) or (ii) identified in writing to the Administrative Agent as an Affiliate of a Competitor described in clause (a) on or prior to the Closing Date and from time to time thereafter, which identification, in each case, shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an interest in any Note; provided, that any Persons identified to the Administrative Agent following the Closing Date (and any Affiliates of such Person(s) that would become a Disqualified Institution under clause (b)(i) in connection with such identification following the Closing Date) shall become Disqualified Institutions effective two (2) Business Days after identification by the Issuer to the Administrative Agent in writing; provided, further, that a list of Disqualified Institutions identified in clauses (a) and (b)(ii) above shall be made available to all Noteholders upon request to the Administrative Agent.

"Dollar(s)" and the sign "$" shall mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the law of the United States, any state thereof or the District of Columbia.

"Eligible Assignee" shall mean any Person that meets the requirements to be an assignee under Section 10.4 (subject to such consents, if any, as may be required under Section 10.4).

"Environmental Indemnity" shall mean each environmental indemnity made by each Note Party with Real Estate required to be pledged as Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, in each case in form and substance satisfactory to the Administrative Agent.

"Environmental Laws" shall mean all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters concerning exposure to Hazardous Materials.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of Holdings, the Issuer or any of their respective Subsidiaries directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean any Person that, together with Issuer or its Subsidiaries, is or was, at any relevant time, considered to be a "single employer" under Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" shall mean (i) any "reportable event" as defined in Section 4043(c) of ERISA with respect to a Plan (other than an event as to which the PBGC has waived the requirement of Section 4043(a) of ERISA that it be notified of such event); (ii) any failure to make by its due date a required contribution to any Plan that would result in the imposition of a lien or encumbrance under Section 430 of the Code or Section 303 or 4068 of ERISA, or the imposition on the assets of Holdings, the Issuer or their Subsidiaries of such a lien or encumbrance, or any filing of any request for a minimum funding waiver under Section 412 of the Code or Section 303 of ERISA with respect to any Plan or Multiemployer Plan, whether or not waived, or any determination that any Plan is, or is expected to be, in at-risk status under Section 303 of ERISA; (iii) any incurrence by Holdings, the Issuer, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA with respect to any Plan or Multiemployer Plan (other than for premiums due and not delinquent under Section 4007 of ERISA); (iv) any institution of proceedings, or the occurrence of an event or condition which would reasonably be expected to constitute grounds for the institution of proceedings by the PBGC, under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (v) any incurrence by Holdings, the Issuer, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability with respect to the complete withdrawal or

partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by Holdings, the Issuer, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice that a Multiemployer Plan is in endangered or critical status under Section 305 of ERISA; (vi) any receipt by Holdings, the Issuer, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, or any receipt by any Multiemployer Plan from Holdings, the Issuer, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Section 4245 of ERISA; (vii) Holdings, the Issuer, any of their respective Subsidiaries engaging in a material non-exempt prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA; or (viii) any filing of a notice of intent to terminate any Plan if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, any filing under Section 4041(c) of ERISA of a notice of intent to terminate any Plan, or the termination of any Plan under Section 4041(c) of ERISA.

"Equity Monetization Event" shall mean, unless such event is waived by the Required Noteholders, the occurrence of any of the following:

(i) the consummation of a Qualified IPO;

(ii) the occurrence of a Change in Control pursuant to clauses (i), (ii), (iii) or (iv) of the definition thereof;

(iii) the occurrence of a Significant Transaction; or

(iv) any automatic exercise of the Closing Date Warrants in accordance with the terms thereof.

"Eurodollar Notes" shall mean Notes for which the rate of interest is based upon the Adjusted LIBO Rate.

"Eurodollar Successor Rate" shall have the meaning set forth in Section 2.12(b).

"Eurodollar Successor Rate Conforming Changes" shall mean, with respect to any proposed Eurodollar Successor Rate, any conforming changes to the definition of Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the reasonable discretion of the Administrative Agent in consultation with the Issuer, to reflect the adoption of such Eurodollar Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent reasonably determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such Eurodollar Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Issuer is reasonably necessary in connection with the administration of this Agreement).

"Event of Default" shall have the meaning set forth in Section 8.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended and in effect from time to time.

"Excluded Property" shall have the meaning ascribed to such defined term in the Guaranty and Security Agreement.

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Noteholder, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Noteholder, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Noteholder with respect to an applicable interest in a Note or Commitment pursuant to a law in effect on the date on which (i) such Noteholder acquires such interest in the Note or Commitment (other than pursuant to an assignment request by the Issuer under Section 2.20) or (ii) such Noteholder changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Noteholder's assignor immediately before such Noteholder became a party hereto or to such Noteholder immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention entered into among Governmental Authorities implementing such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement, treaty or convention.

"Federal Funds Rate" shall mean, for any day, the rate *per annum* (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or, if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent. For purposes of this Agreement, the Federal Funds Rate shall not be less than zero percent (0%).

"Final Maturity Date" shall mean November 25, 2024.

"Fiscal Month" shall mean any fiscal month of the Issuer.

"Fiscal Quarter" shall mean any fiscal quarter of the Issuer.

"Fiscal Year" shall mean any fiscal year of the Issuer.

"Foreign Subsidiary" shall mean any Subsidiary that is not a Domestic Subsidiary.

"FSHCO" means any Subsidiary of Holdings that (i) is a Domestic Subsidiary and (ii) owns no material assets other than equity (including for this purpose any debt or other instrument treated as equity for U.S. federal income tax purposes) of one or more Controlled Foreign Subsidiaries and cash and cash equivalents and incidental assets related thereto.

"Foreign Noteholder" shall mean (a) if the Issuer is a U.S. Person, a Noteholder that is not a U.S. Person, and (b) if the Issuer is not a U.S. Person, a Noteholder that is resident or organized under the laws of a jurisdiction other than that in which the Issuer is resident for tax purposes.

"GAAP" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

"Governmental Authority" shall mean the government of the United States or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any Insurance Regulatory Authority and any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not so 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. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantors" shall mean, collectively, each of Holdings and the Subsidiary Note Parties; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Guarantor.

"Guaranty and Security Agreement" shall mean the Guaranty and Security Agreement, dated as of the date hereof and substantially in the form of Exhibit B, made by the Note Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

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

"Hedge Termination Value" shall mean, in respect of any one or more Hedging Transactions, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Transactions, (a) for any date on or after the date such Hedging Transactions have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Transactions, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Transactions (which may include a Noteholder or any Affiliate of a Noteholder).

"Hedging Obligations" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"Hedging Transaction" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. For the avoidance of doubt, Hedging Transactions shall not include (i) the issuance, underwriting, placement or selling of insurance by the Note Parties and their Subsidiaries in the ordinary course of business or (ii) the purchasing by the Note Parties and their Subsidiaries of risk allocation

agreements or reinsurance in the ordinary course of business or otherwise in accordance with customary industry practice.

"Historical Financial Statements" shall have the meaning set forth in Section 4.4.

"Holdings" shall have the meaning set forth in the introductory paragraph hereof.

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property (including, for the avoidance of doubt, contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) or services (other than trade payables incurred in the ordinary course of business; provided that, for purposes of Section 8.1(f), trade payables overdue by more than 120 days shall be included in this definition except to the extent that any of such trade payables are being disputed in good faith and by appropriate measures), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Disqualified Capital Stock of such Person, (x) all Off-Balance Sheet Liabilities and (xi) all net Hedging Obligations. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company or the foreign equivalent thereof) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedging Transaction on any date shall be deemed to be the Hedge Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (viii) that is expressly made nonrecourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith. For the avoidance of doubt, Indebtedness of a Person shall not include (i) obligations under insurance issued, underwritten, placed or sold by such Person in the ordinary course of business or (ii) obligations under risk allocation agreements or reinsurance agreements purchased in the ordinary course of business or otherwise in accordance with customary industry practice.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Note Party under any Note Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Intellectual Property" shall mean (a) all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law, including all Copyrights, Patents, software, Trademarks, internet domain names and trade secrets, (b) all IP Licenses and (c) all IP Ancillary Rights relating thereto.

"Insurance Business" shall mean one or more aspects of the business of (a) issuing, selling, placing or underwriting insurance or (b) reinsurance.

"Insurance Licenses" shall mean licenses, permits or authorizations to transact insurance and reinsurance business required to be obtained from Insurance Regulatory Authorities in connection with the operation, ownership or transaction of insurance or reinsurance business.

"Insurance Regulatory Authority" shall mean, when used with respect to any Insurance Subsidiary, (x) the insurance department or similar administrative authority or agency located in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is domiciled or (y) to the extent asserting or having regulatory jurisdiction over such Insurance Subsidiary, the insurance department, authority or agency in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is licensed, and shall include any Federal or national insurance regulatory department, authority or agency that may be created and that asserts or has regulatory jurisdiction over such Insurance Subsidiary.

"Insurance Subsidiary" shall mean any Subsidiary of the Issuer that is authorized or admitted to carry on or transact Insurance Business and has received an Insurance License from an Insurance Regulatory Authority for the purpose of carrying on an Insurance Business. As of the Closing Date, Root Insurance Company and RRC are the only Insurance Subsidiaries of the Issuer.

"Intercreditor Agreement" shall mean the First Lien Intercreditor Agreement dated as of the Closing Date among the Administrative Agent, the Term Loan Agent, Holdings, the Issuer and the other Note Parties from time to time party thereto.

"Interest Payment Date" shall mean, (i) in the case of Eurodollar Notes, the last Business Day of each applicable Interest Period and (ii) in the case of Alternative Rate Notes, the last Business Day of each March, June, September and December.

"Interest Period" shall mean, with respect to any Eurodollar Note, a period of three months; provided that:

(i) the initial Interest Period shall commence on the Closing Date and end on the numerically corresponding day in the calendar month that is three months thereafter, and each Interest Period occurring thereafter shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the immediately preceding Business Day;

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

(iv) no Interest Period may extend beyond the Final Maturity Date.

"Investments" shall have the meaning set forth in Section 7.4.

"IP Ancillary Rights" means, with respect to any Intellectual Property of the type described in clauses (a) and (b) of the definition of Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

"IP License" means all written Contractual Obligations (and all related IP Ancillary Rights), granting any right, title and interest in or relating to any Intellectual Property of the type described in clause (a) of the definition of Intellectual Property.

"IRS" shall mean the United States Internal Revenue Service.

"Issuer" shall have the meaning set forth in the introductory paragraph hereof.

"Issuer Materials" shall have the meaning set forth in Section 5.1.

"Leverage Ratio" shall mean (x) divided by (y) where (x) is Net Earned Premium of RRC for the twelve-month period on the last day of the month ended prior to the Test Date and (y) is RRC Equity.

"Lien" shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of any of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Liquidity" shall mean, on any date of determination, all cash and all cash equivalents (including any Permitted Investment that is a cash equivalent) owned and held by the Note Parties, in each case, on the date of determination; provided however, that amounts calculated under this definition shall exclude any amounts that would not be considered "cash" or "cash equivalents" under GAAP or "cash" or "cash equivalents" as recorded on the books of the Note Parties; provided, further, that amounts and cash equivalents included under this definition shall (i) be included only to the extent such amounts or cash equivalents are (A) not subject to any Lien or other restriction or encumbrance of any kind (other than Liens (x) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights so long as such liens and rights are not being enforced or otherwise exercised or (y) permitted by Section 7.2(a) or (h)) and (B) subject to a perfected Lien in favor of the Administrative Agent and (ii) exclude any amounts held by the Note Parties in escrow, trust or other fiduciary capacity for

or on behalf of a client of Holdings, the Issuer, any Subsidiary of Holdings or any of their respective Affiliates.

"Make-Whole Amount" shall mean, with respect to a Note at any applicable prepayment date, an amount (calculated by the Required Noteholders, which calculation shall be conclusive absent manifest error) equal to, the excess of (a) the present value at the applicable prepayment date of (i) 100% of the principal amount of such Note being prepaid on such prepayment date plus (ii) all required remaining scheduled interest payments (excluding the Adjusted LIBO Rate or Alternative Rate component thereof) due on the principal amount of such Note being prepaid on such date through and including the date that is 18 months following the Closing Date (excluding accrued but unpaid interest to the date on which the Prepayment Premium becomes owing), assuming that the rate of interest will be equal to the rate of interest in effect on the date of notice of prepayment, computed using a discount rate equal to the Treasury Rate plus 50 basis points per annum discounted on a quarterly basis, over (b) the principal amount of such Note being prepaid on such prepayment date.

"Market Intercreditor Agreement" shall mean a customary intercreditor agreement in form and substance reasonably acceptable to the Administrative Agent and the Issuer, which agreement shall provide that the Liens on the Collateral securing such Indebtedness shall rank equal in priority to the Liens on the Collateral securing the Obligations (but without regard to the control of remedies) and shall include turnover provisions to ensure that both in respect of Collateral and contractual priority, the newly incurred Indebtedness is not senior.

"Material Adverse Effect" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets or liabilities of the Issuer and its Subsidiaries, taken as a whole, (ii) the ability of the Note Parties, taken as a whole, to perform their obligations under the Note Documents, (iii) the rights and remedies of the Administrative Agent or the Noteholders under any of the Note Documents, taken as a whole, or (iv) the legality, validity or enforceability of any of the Note Documents.

"Material Agreements" shall mean (i) all agreements, indentures or notes governing the terms of any Material Indebtedness and (ii) all other agreements, documents, contracts, indentures and instruments pursuant to which (A) any Note Party or any of its Subsidiaries expects to receive revenue in any twelve month period of $10,000,000 or more and (B) a default, breach or termination thereof could reasonably be expected to result in a Material Adverse Effect.

"Material Indebtedness" shall mean any Indebtedness of the type described in clauses (i) or (ii) of the definition thereof (other than the Notes) of Holdings, the Issuer or any of their respective Subsidiaries individually in a committed or outstanding principal amount exceeding $3,000,000. For purposes of determining the amount of attributed Indebtedness from Hedging Obligations, the "principal amount" of any Hedging Obligations at any time shall be the Net Mark-to-Market Exposure of such Hedging Obligations.

"Maturity Date" shall mean the earlier of (i) the Final Maturity Date and (ii) the date on which the principal amount of all outstanding Notes have been declared or automatically have become due and payable (whether by acceleration or otherwise).

"Minimum Surplus and Liquidity Level" shall mean (i) for the Fiscal Month ending November 30, 2019, $125,000,000, (ii) for the Fiscal Month ending December 31, 2019, $125,000,000, and (iii) for each Fiscal Month ending thereafter, (x) the Minimum Surplus and Liquidity Level for the immediately preceding Fiscal Month, plus (y) the greater of (1) zero and (2) an amount equal to 15% of the excess of (A) Net Written Premiums for the 12-month period up to, but excluding, such Fiscal Month minus (B) the Net Written Premiums for the 12-month period up to, but excluding, the month immediately prior to such Fiscal Month (for illustrative purposes, on February 1, 2020, this clause (y)(2) will calculate the Net Written Premiums from February 1, 2019 to January 31, 2020; and compare this amount to the Net Written Premiums from January 1, 2019 to December 31, 2019), plus (z) 50% of the Indebtedness of the type described in clauses (i) or (ii) of the definition thereof of Holdings and its Subsidiaries outstanding on a consolidated basis as of the beginning of such Fiscal Month (other than any PIK Interest that has been capitalized under this Agreement) in excess of $250,000,000; provided, further that the Minimum Surplus and Liquidity Level shall not exceed $350,000,000.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Property" shall mean, collectively, the Real Estate subject to the Mortgages, including, but not limited to, any Real Estate for which a Mortgage is required to be delivered after the date hereof pursuant to Section 5.12.

"Mortgages" shall mean, collectively, each mortgage, deed of trust, trust deed, security deed, debenture over real estate, deed of immovable hypothec, deed over real estate to secure debt or other real estate security documents delivered by any Note Party to the Administrative Agent from time to time, all in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, amended and restated, extended, supplemented, substituted or otherwise modified from time to time.

"Most Recent Equity Price" shall have the meaning set forth in Section 2.9(a).

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is or was, during the preceding five calendar years, contributed to or required to be contributed to by Holdings, the Issuer, any of their respective Subsidiaries or an ERISA Affiliate.

"NAIC" shall mean the National Association of Insurance Commissioners.

"Net Cash Proceeds" means, as applicable: (a) with respect to any asset sale, disposition, casualty, condemnation or similar event, the gross proceeds received by Holdings or any of its Subsidiaries therefrom consisting of (x) cash, (y) cash equivalents and (z) any cash or cash equivalent payments received by way of a deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received, but excluding any interest and royalty payments, less the sum of: (i) in the case of an asset sale or disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result

of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such asset sale or disposition, the amount of such excess shall constitute Net Cash Proceeds); (ii) all reasonable and customary out-of-pocket legal and other fees and expenses incurred in connection with such transaction or event (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates); (iii) the principal amount of, premium, if any, and interest on any Indebtedness (other than any Indebtedness arising under the Note Documents and Indebtedness secured by the Collateral on a *pari passu* or junior basis to the Notes) that is required to be repaid in connection with such transaction or event and that is secured by Liens in such assets; (iv) reasonable reserves retained from such gross proceeds to fund contingent liabilities directly attributable to such asset sale, disposition, casualty, condemnation or similar event and reasonably estimated to be payable (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); and (b) with respect to any incurrence of Indebtedness, the gross cash proceeds received by Holdings or any of its Subsidiaries therefrom less all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred in connection therewith (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates).

"Net Earned Premium" shall mean Direct Earned Premium of RRC for any Test Period net of Ceded Earned Premium of RRC for such Test Period.

"Net Written Premium" shall mean Direct Written Premium of the U.S. Insurance Subsidiaries for any Test Period net of Ceded Written Premium of the U.S. Insurance Subsidiaries for such Test Period. For the avoidance of doubt, Exhibit D shows a calculation of the Net Written Premium of the U.S. Insurance Subsidiaries for the last twelve months most recently ended prior to the Closing Date. The calculation of Net Written Premium hereunder on and after the Closing Date shall be substantially consistent with Exhibit D and in accordance with SAP.

"Note Documents" shall mean, collectively, this Agreement, the Collateral Documents, the Agent Fee Letter, the Intercreditor Agreement, any Market Intercreditor Agreement, the Notes issued hereunder, any subordination agreement executed in connection with any Pari Lien Debt and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing that are designated by the Issuer and the Required Noteholders as a Note Document.

"Note Exposure" shall mean, with respect to any Noteholder, as of any date of determination, the outstanding principal amount of the Notes of such Noteholder.

"Note Parties" shall mean Holdings, the Issuer and the Subsidiary Note Parties.

"Notes" shall mean the notes in the form of Exhibit C issued by the Issuer hereunder on the Closing Date, in the aggregate original principal amount of $100,000,000.

"Noteholders" shall have the meaning set forth in the introductory paragraph hereof.

"Notice of Issuance" shall have the meaning set forth in Section 2.2(a).

"Net Mark-to-Market Exposure" of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. "Unrealized losses" shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date), and "unrealized profits" shall mean the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Non-Consenting Noteholder" shall have the meaning set forth in Section 2.20.

"Non-U.S. Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established, contributed to (regardless of whether through direct contributions or through employee withholding) or maintained outside the United States by Holdings, the Issuer or one or more of their respective Subsidiaries primarily for the benefit of employees of Holdings, the Issuer or such Subsidiaries residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement, or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Obligations" shall mean all amounts owing by the Note Parties to the Administrative Agent or any Noteholder pursuant to or in connection with this Agreement or any other Note Document or otherwise with respect to any Note including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Issuer, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent and any Noteholder incurred pursuant to this Agreement or any other Note Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder,.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"Operating Expenses" shall mean, for any Person and for any Test Period, all operating expenses of such Person, including, for the avoidance of the doubt, the sum of (i) Acquisition Costs of such Person for such period plus (ii) Fixed Expense Costs of such Person for

such period. For purposes of calculating "Operating Expenses", the following defined terms shall apply:

"Acquisition Costs" shall mean, the sum of commissions payable by the applicable Person to RIA plus report costs for the applicable Person; provided that "Acquisition Costs" shall exclude ceded commissions.

"Fixed Expense Costs" shall mean, the sum of (i) employment costs and expenses plus (ii) merger and acquisition costs and expenses plus (iii) premium taxes and payment processing fees, in each case, of such Person.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

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

"Other Taxes" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Note Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.20).

"Pari Lien Debt" shall mean any Indebtedness of the Note Parties that is expressly permitted pursuant to Section 7.1(k) and ranks *pari passu* in right of security with the Obligations.

"Pari Lien Debt Documents" shall mean the indentures, loan agreements, notes, guaranties, collateral documents, subordination agreements, intercreditor agreements (including any Market Intercreditor Agreement) and other related documents and/or agreements governing or evidencing the Pari Lien Debt.

"Patent" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Patent Security Agreement" shall mean any Patent Security Agreement executed by a Note Party owning Patents or licenses of Patents in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Closing Date and thereafter.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56.

"Payment Account" shall mean the account of the Administrative Agent for receipt of payments as to which the Administrative Agent shall have given written notice to the Issuer and the Noteholders.

"PBGC" shall mean the U.S. Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Perfection Certificate" shall mean that certain Perfection Certificate, dated as of the Closing Date.

"Permitted Acquisition" shall mean any acquisition by the Issuer or any other Note Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, a majority of the Capital Stock (other than directors' qualifying shares as required pursuant to applicable law) of, or a business line or unit or a division of, any Person in connection with which each of the following conditions is satisfied:

(i) immediately before and after giving *pro forma* effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Note Party set forth in the Note Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects);

(ii) immediately before and after giving *pro forma* effect thereto, the Note Parties and their Subsidiaries shall be in *pro forma* compliance with each of the financial covenants set forth in Article VI, in each case, calculated on a *pro forma* basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c), and in the case of any such transaction or series of related transactions with aggregate purchase consideration in excess of $5,000,000, the Issuer shall have delivered to the Administrative Agent a *pro forma* Compliance Certificate signed by a Responsible Officer certifying to the foregoing at least three Business Days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent);

(iii) in the case of any such transaction or series of related transactions with aggregate purchase consideration in excess of $5,000,000, at least three Business Days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent), the Issuer shall have delivered to the Administrative Agent notice of such acquisition, together with, to the extent available, historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent available, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and information reasonably requested by the Administrative Agent;

(iv) immediately before and after giving *pro forma* effect thereto, the Note Parties and their Subsidiaries are in compliance with the provisions of Section 7.3(b);

(v) the Note Parties shall have complied with the provisions of Sections 5.12 and 5.13 with respect to such acquisition within the time periods required thereby;

(vi) such acquisition is consummated in compliance with all requirements of law in all material respects, and all material consents and approvals from any Governmental Authority or other Person required in connection with such acquisition have been obtained; and

(vii) in the case of any such transaction or series of related transactions with aggregate purchase consideration in excess of $5,000,000, the Issuer has delivered to the Administrative Agent a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied.

"Permitted Encumbrances" shall mean:

(i) Liens imposed by law for taxes, assessments and other charges and levies imposed by any Governmental Authority, in each case, which are not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, vendors, carriers, warehousemen, mechanics, materialmen, processors, suppliers, landlords, repairmen and other Liens imposed by law in the ordinary course of business for amounts not more than 45 days past due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, social security and other similar laws or regulations;

(iv) deposits to secure the performance of bids, trade and commercial contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) (x) judgment and attachment liens not giving rise to an Event of Default and (y) Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where Holdings or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) (x) easements, zoning restrictions, building codes, rights-of-way, reservations, covenants, rights and restrictions of record and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of Holdings and its Subsidiaries taken as a whole, (y) with respect to any leasehold interest, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord, ground lessor or owner of the leased property or owned property and (z) with respect to any Mortgaged Property, all matters shown on the title report for such Real Estate;

(viii) Liens solely on cash earnest money deposits made by Holdings or any of its Subsidiaries;

(ix) restrictions on transfers of assets that are subject to sale or transfer pursuant to any purchase and sale agreements that are permitted under this Agreement;

(x) in the case of any joint ventures permitted hereunder, put/call arrangements or restrictions on dispositions related to its Capital Stock set forth in the applicable organizational documents or joint venture agreement;

(xi) Liens on insurance policies under which Holdings and its Subsidiaries are the insured parties (excluding, for the avoidance of doubt, any excess of loss, catastrophic or other similar insurance or reinsurance policies that are applicable to the line of business of Holdings and its Subsidiaries) and proceeds and premiums thereof or related thereto securing Indebtedness permitted under Section 7.1(n);

(xii) Liens on assets of any Insurance Subsidiary arising under agreements or arrangements established with respect to insurance policies underwritten by any Insurance Subsidiary in the ordinary course of business;

(xiii) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of business to the extent that such leases or subleases do not materially interfere with the business of Holdings or its Subsidiaries;

(xiv) licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S.; and

(xv) pledges, deposits and guarantees made by an Insurance Subsidiary in order to comply with applicable Requirements of Law or as required by an Insurance Regulatory Authority;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Holders" shall mean all Persons that hold Capital Stock of Holdings as of the Closing Date as set forth on Schedule 8.1 and, in each case, their Affiliates, immediate family members, lineal descendants, heirs, estates and trusts for the benefit thereof.

"Permitted Investments" shall mean:

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

(ii) marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision of any such state, commonwealth or territory, as applicable, maturing within one year from the date of acquisition thereof and having, at the time of the acquisition thereof, one of the two highest ratings obtainable from either S&P or Moody's;

(iii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within one year from the date of acquisition thereof;

(iv) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

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

(vi) Investments in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Issuer or the Subsidiaries; and

(vii) mutual funds investing at least 95% of their assets in any one or more of the Permitted Investments described in clauses (i) through (v) above.

"Permitted Prior Liens" means (a) with respect to any Capital Stock of any Subsidiary of Holdings, Liens permitted by Section 7.2 which are prior as a matter of law and (b) with respect to any other property or assets, any Liens permitted by Section 7.2 other than Liens set forth in Section 7.2(h).

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded,

renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amounts paid, and customary fees, expenses, original issue discount and upfront fees incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder; (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended (except by virtue of amortization of or prepayment of Indebtedness prior to such date of determination); (c) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Noteholders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (d) to the extent any Liens securing such Indebtedness being modified, refinanced, refunded, renewed or extended are subordinated to any Liens securing the Obligations, the Liens securing such modification, refinancing, refunding, renewal or extension are subordinated to the Liens securing the Obligations on terms, taken as a whole, at least as favorable to the Noteholders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (e) the only obligors in respect of such Indebtedness being modified, refinanced, refunded, renewed or extended are the original obligors thereon and any other Person required to be or become an obligor thereon under the then terms of the Indebtedness being so modified, refinanced, refunded, renewed or extended to become an obligor in respect of such Indebtedness (provided that any Note Party may guarantee any Permitted Refinancing incurred by any other Note Party to the extent permitted by Section 7.1(e)); (f) the terms and conditions of any such modification, refinancing, refunding, renewal or extension, taken as a whole, are not materially less favorable to the Noteholders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended; and (g) in the case of any modification, refinancing, refunding, renewal or extension of any Term Loan Document or Pari Lien Debt Document, the terms and conditions of such modification, refinancing, refunding, renewal or extension are subject to and in compliance with the requirements set forth in the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement.

"Permitted Third Party Bank" shall mean any bank or other financial institution with whom any Note Party maintains a Controlled Account and with whom a Control Account Agreement has been executed.

"Person" shall mean any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"PIK Election Notice" means an irrevocable written notice of the PIK Interest Election pursuant to Section 2.8(f) for the upcoming Interest Payment Date, and substantially in the form of Exhibit 2.8(f).

"PIK Election Period" shall have the meaning set forth in Section 2.8(f).

"PIK Interest" shall have the meaning set forth in Section 2.8(f).

"PIK Interest Election" shall have the meaning set forth in Section 2.8(f).

"Plan" shall mean any "employee benefit plan" as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) subject to Title IV of ERISA that is or was, during the preceding five calendar years, maintained or contributed to or required to be contributed to by Holdings, the Issuer or any ERISA Affiliate.

"Platform" shall mean Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Prepayment Premium" means an amount equal to:

(i) during the period of time from and after the Closing Date up to (but not including) the date that is 18 months following the Closing Date, the Make-Whole Amount;

(ii) during the period of time from and after the date that is 18 months following the Closing Date up to (but not including) the date that is 30 months following the Closing Date, 4.0% of the principal amount (including any PIK Interest) of the Notes prepaid on such date in cash to each applicable Noteholder; and

(iii) during the period of time from and after the date that is 30 months following the Closing Date up to (but not including) the date that is 42 months following the Closing Date, 2.0% of the principal amount (including any PIK Interest) of the Notes prepaid on such date in cash to each applicable Noteholder.

"Prime Rate" shall mean for any day, the prime rate published in The Wall Street Journal for such day; provided, that if The Wall Street Journal ceases to publish for any reason such rate of interest, "Prime Rate" shall mean the prime lending rate as set forth on the Bloomberg page PRIMBB Index (or successor page) for such day (or such other commercially available source providing rate quotations comparable to those currently provided on such page as may be reasonably designated by the Administrative Agent from time to time). The prime rate is not necessarily the lowest rate charged by any financial institution to its customers.

"Pro Rata Share" shall mean with respect to all payments, computations and other matters relating to the Note of any Noteholder, the percentage obtained by dividing (a) the Note Exposure of that Noteholder by (b) the aggregate Note Exposure of all Noteholders.

"Public Noteholder" shall have the meaning set forth in Section 5.1.

"Qualified Capital Stock" of any Person shall mean any Capital Stock of such Person that is not Disqualified Capital Stock.

"Qualified IPO" means the issuance by Holdings of its equity securities in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Act (whether alone or in connection with a secondary public offering) that results in (i) at least $75,000,000 in net proceeds to Holdings after deduction of the underwriters' discount and commissions; and (ii) the conversion of Holdings'

preferred stock to common stock and there being no preferred stock or other Holdings securities that feature a liquidation preference and/or accruing dividends outstanding after giving effect to the offering.

"Real Estate" shall mean all real property owned or leased by the Issuer and its Subsidiaries.

"Real Estate Documents" shall mean, collectively, (i) Mortgages covering all Real Estate owned by the Note Parties that are required to be granted hereunder, duly executed by each applicable Note Party, together with (A) title insurance policies, current as-built ALTA/ACSM Land Title surveys certified to the Administrative Agent, in each case relating to such Real Estate and reasonably satisfactory in form and substance to the Administrative Agent, (B) evidence that counterparts of such Mortgages have been recorded in all places to the extent necessary or desirable, in the reasonable judgment of the Administrative Agent, to create a valid and enforceable first priority Lien (subject to Permitted Encumbrances) on such Real Estate in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law), (C) an opinion of counsel in each state in which such Real Estate is located in form and substance and from counsel reasonably satisfactory to the Administrative Agent, (D) a duly executed Environmental Indemnity with respect thereto and (E) such other reports, documents, instruments and agreements as the Administrative Agent or the Required Noteholders shall reasonably request, each in form and substance reasonably satisfactory to the Administrative Agent.

"Recipient" shall mean, as applicable, (a) the Administrative Agent and (b) any Noteholder.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation Y" shall mean Regulation Y of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any Person, such Person's Affiliates and the managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment

(including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Required Additional Debt Terms" means with respect to any Indebtedness incurred under Section 7.1(k) all of the following: (a) to the extent such Indebtedness is secured by any of the Collateral, such Indebtedness shall not be secured by any assets of a Note Party other than the Collateral securing the Obligations unless such asset is added to the Collateral to secure the Obligations; (b) such Indebtedness shall not be borrowed, issued or guaranteed by any Person which is not a Note Party; (c) to the extent such Indebtedness is secured by any of the Collateral, such Indebtedness shall be subject to a Market Intercreditor Agreement; and (d) such indebtedness is not structurally or contractually senior to the Obligations.

"Required Noteholders" shall mean Noteholders holding, in the aggregate, more than 50% of total Note Exposure at such time.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean (x) with respect to certifying compliance with the financial covenants set forth in Article VI, the principal executive officer, the principal financial officer, the principal accounting officer, the treasurer or the controller of the Issuer and (y) with respect to all other provisions, any of the president, the principal executive officer, the principal operating officer, the principal financial officer, the treasurer, the controller or a vice president of the Issuer or such other senior officer that has similar responsibilities to the extent such officer is designated in writing to the Administrative Agent.

"Restricted Payment" shall mean (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of Capital Stock to the holders of that class (other than Disqualified Capital Stock); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding; (iv) any payment, prepayment, redemption, purchase, retirement, defeasance (including in-substance or legal defeasance) or other satisfaction, in each case, prior to the repayment in full of all Obligations (other than contingent obligations as to which no claim exists or has been asserted), with respect to the principal or interest of (or premium as a result of such payment, prepayment or satisfaction otherwise) any Indebtedness, liabilities or obligations that are in each case subordinated in right of payment and/or right of security to the Obligations and/or any Guarantee thereof; and (v) any management or similar fees.

"RIA" shall mean Root Insurance Agency, LLC, an Ohio limited liability company.

"Risk-Based Capital Ratio" shall mean, with respect to each Insurance Subsidiary, as of the end of any Fiscal Month, the ratio of "Total Adjusted Capital" as of the end of such Fiscal Month to "Authorized Control Level Risk-Based Capital" as of the end of such Fiscal Month (in each case as determined by SAP and as defined in NAIC's Risk-Based Capital for Insurers Model Act (Volume III-312) applicable to Insurance Subsidiaries and consistent with applicable statutes of the applicable Insurance Regulatory Authority from time to time).

"Root Insurance Company" shall mean Root Insurance Company, an Ohio corporation.

"RRC" shall mean Root Reinsurance Company, Ltd., a Cayman Islands exempted company.

"RRC Equity" shall mean, as of any date of determination, total equity reflected on the balance sheet of RRC prepared in accordance with GAAP.

"S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and any successor thereto.

"Sale/Leaseback Transaction" shall have the meaning set forth in Section 7.9.

"Sanctioned Country" shall mean, at any time, a country, region or territory that is, or whose government is, the subject or target of any Sanctions including, without limitation, as of the Closing Date, Crimea, Cuba, Iran, North Korea, Sudan and Syria.

"Sanctioned Person" shall mean, at any time, (a) any Person that is the subject or target of any Sanctions, (b) any Person located, organized, operating or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person.

"Sanctions" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"SAP" means, with respect to any Insurance Subsidiary, the accounting procedures and practices prescribed or permitted by the applicable Insurance Regulatory Authority, applied in accordance with Section 1.2.

"Screen Rate" shall have the meaning assigned to such term in the definition of "Adjusted LIBO Rate".

"Secured Parties" shall mean the Administrative Agent and the Noteholders.

"Significant Transaction" shall mean (i) the entry by Holdings or any of its Subsidiaries into an investment, joint venture or similar transaction valued at more than

$350,000,000 from a company that operates in the auto insurance industry or (ii) the entry by Holdings or any of its Subsidiaries into any investment, joint venture or similar transaction that would result in any one Person (together with such Person's Affiliates) (other than Permitted Holders) having an economic interest in Root Insurance Company or any other Note Party greater than 33%.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Specified Event of Default" shall mean an Event of Default under Section 8.1(a), (b), (d) (solely as a result of a failure to observe or perform any requirement under Article VI), (g), (h) or (j).

"Statutory Surplus" shall mean, with respect any Insurance Subsidiary, the surplus as to policyholders of such Insurance Subsidiary as determined pursuant to SAP (or, in the case of any Foreign Subsidiary that does not report surplus as to policyholders, the closest equivalent thereto).

"Subsidiary" shall mean, with respect to any Person (the "parent") at any date, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Issuer. For the avoidance of doubt, an Insurance Subsidiary is a Subsidiary of the Issuer.

"Subsidiary Note Party" shall mean any Subsidiary that executes or becomes a party to the Guaranty and Security Agreement; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Subsidiary Note Party.

"Surplus and Liquidity Amount" shall mean, as of any date of determination, an amount equal to (i) the aggregate Statutory Surplus of all U.S. Insurance Subsidiaries as of the end of the most recent Fiscal Month, plus (ii) the amount of Liquidity as of such date of determination.

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Accounting Standards Codification Sections 840-10 and 840-20, as amended, and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

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

"Term Loan Agent" has the meaning assigned to the term "Administrative Agent" in the Term Loan Agreement.

"Term Loan Agreement" shall mean that certain Amended and Restated Term Loan Agreement, dated as of the Closing Date, by and among the Issuer, in its capacity as the borrower thereunder, the several banks and other financial institutions as lenders from time to time party thereto and the Term Loan Agent, as the same may be amended, restated, modified, supplemented, extended, increased or refinanced or replaced pursuant to a Permitted Refinancing from time to time in one or more agreements (in each case with the same or new lenders, investors or agents), in each case, in accordance with the terms of this Agreement, the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement.

"Term Loan Documents" shall have the meaning assigned to the term "Loan Documents" in the Term Loan Agreement.

"Test Date" shall mean the last day of each Fiscal Month.

"Test Period" shall mean, unless the context otherwise requires, the most recently ended twelve-month period ending on the date of determination.

"Third Party Administrator Agreement" shall mean that certain Master Service Agreement, dated as of February 1, 2019, between Genpact (UK) Limited, a UK private limited company, and Root Insurance Company.

"Threshold Amount" shall mean $3,000,000.

"Trademark" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Trademark Security Agreement" shall mean any Trademark Security Agreement executed by a Note Party owning registered Trademarks or applications for Trademarks in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Closing Date and thereafter.

"Treasury Rate" means, as of any prepayment date, the yield to maturity as of such prepayment 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 (2) Business Days prior to the prepayment date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the prepayment date to the 18th month anniversary of the Closing Date; provided that the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Unfunded Pension Liability" of any Plan shall mean the amount, if any, by which the value of the accumulated plan benefits under the Plan, determined on a plan termination basis in accordance with actuarial assumptions at such time consistent with those prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions).

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" or "U.S." shall mean the United States of America.

"U.S. Insurance Subsidiary" means an Insurance Subsidiary that is a wholly-owned Subsidiary of Holdings and is domiciled in the United States and "U.S. Insurance Subsidiaries" means each U.S. Insurance Subsidiary on a collective basis.

"U.S. Issuer" shall mean any Issuer that is a U.S. Person.

"U.S. Person" shall mean any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" shall have the meaning set forth in Section 2.16(g)(ii).

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

"Wilmington Trust" shall have the meaning set forth in the introductory paragraph hereof.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" shall mean the Issuer, any other Note Party or the Administrative Agent, as applicable.

Section 1.2. **Accounting Terms and Determination**. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP or SAP, as applicable, as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Holdings delivered pursuant to Section 5.1(a) (or, if no such financial statements have been delivered, on a basis consistent with the audited consolidated financial statements of the Issuer last delivered to the Administrative Agent in connection with this Agreement); provided that if the Issuer notifies the Administrative Agent that the Issuer wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP or SAP, as applicable, on the operation of such covenant (or if the Administrative Agent notifies the Issuer that the Required Noteholders wish to amend Article VI for such purpose), then the Issuer's compliance with such covenant shall be determined on the basis of GAAP or SAP, as applicable, in effect immediately before the relevant change in GAAP or SAP, as applicable, became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Issuer and the Required Noteholders. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, (x) without giving effect to any election under Accounting Standards Codification Section 825-10 (or any other Financial Accounting Standard having a similar result or effect including ASU 2015-03, 1 and any other related treatment for debt discounts and premiums, such as original issue discount) to value any Indebtedness or other liabilities of any Note Party or any Subsidiary of any Note Party at "fair value", as defined therein and (y) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, (b) the accounting for any lease (and whether such lease shall be treated as Capital Lease Obligations) shall be based on GAAP as in effect on December 31, 2017 and without giving effect to any subsequent changes in GAAP (or required implementation of any previously promulgated changes in GAAP) relating to the treatment of a lease as an operating lease, capitalized lease or finance lease and (c) for purposes of determining compliance with any basket, test, or condition under any provision of this Agreement or any other Note Document, no Note Party may retroactively divide, classify, re-classify or deem or otherwise treat a historical transaction as having occurred in reliance on a basket or exception that was not available at the time of such historical transaction or if and to the extent that such basket or exception was relied upon for any later transaction.

Section 1.3. **Terms Generally**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include",

"includes" and "including" shall be deemed to be followed by the phrase "without limitation". The words "other" and "otherwise" shall not be construed *ejusdem generis* with any foregoing words where a wider construction is possible. Except as otherwise expressly provided herein, the word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, (v) any definition of or reference to any law shall include all statutory and regulatory provisions consolidating, amending, or interpreting any such law and any reference to or definition of any law or regulation, unless otherwise specified, shall refer to such law or regulation as amended, modified or supplemented from time to time, (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (vii) all references to a specific time shall be construed to refer to Eastern Standard Time, unless otherwise indicated. Unless otherwise expressly provided herein, all references to dollar amounts shall mean Dollars. Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale or disposition or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

ARTICLE II.

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. **Commitments**. Subject to the terms and conditions set forth herein, the Issuer hereby agrees to sell to each Noteholder, and each Noteholder agrees (severally, not jointly or jointly and severally) to purchase from the Issuer the principal amount of Notes equal to such Noteholder's Commitment. The proceeds of the issuance of the Notes shall be disbursed on the Closing Date in immediately available funds by wire transfer to an account designated by the Issuer in the Notice of Issuance (or as may otherwise be set forth in a flow of funds agreement). With respect to each Noteholder, only one issuance of Notes may be made under the Commitment. Notes purchased pursuant to this Section 2.1 and subsequently repaid, redeemed or prepaid may not be reissued at any time during the term of this Agreement. The outstanding principal amount of the Notes, together with interest accrued and unpaid thereon shall constitute Obligations and the outstanding principal amount shall be due and payable on the Maturity Date. Each Noteholder's

Commitment shall automatically terminate without further action upon the purchase of the Notes on the Closing Date (after giving effect to the purchase of Notes in the amount of such Noteholder's Commitment). The purchase of the Notes and the Closing Date Warrants represent the purchase of a single investment unit, the combined purchase price of which is allocable 95.011876% to the Notes, with the remainder allocable to the Closing Date Warrants. The Notes will be treated as issued with original issue discount for U.S. federal income and other applicable tax purposes.

Section 2.2. **Notice of Issuance**.

(a) The Issuer shall deliver to the Administrative Agent a fully executed notice of issuance, substantially in the form set forth on Exhibit 2.2 (such notice, the "Notice of Issuance") no later than three Business Days prior to the Closing Date (or such shorter period as may be acceptable to the Administrative Agent). Promptly upon receipt by the Administrative Agent of such Notice of Issuance, the Administrative Agent shall notify each Noteholder of the proposed issuance.

(b) Upon the satisfaction or waiver of the conditions precedent specified herein, each Noteholder will purchase each Note to be purchased by it hereunder on the Closing Date by wire transfer in immediately available funds by 5:00 p.m. (New York City time) to an account designated by the Issuer in the Notice of Issuance (or as may otherwise be set forth in a flow of funds agreement).

Section 2.3. **Pro Rata Shares; Availability of Funds**. All Notes shall be purchased by Noteholders simultaneously and proportionately to their respective Pro Rata Shares, it being understood that no Noteholder shall be responsible for any default by any other Noteholder in such other Noteholder's obligation to purchase a Note hereunder nor shall any Commitment of any Noteholder be increased or decreased as a result of a default by any other Noteholder in such other Noteholder's obligation to purchase a Note requested hereunder.

Section 2.4. **Repayment of Notes**. The Issuer unconditionally promises to pay to the Administrative Agent for the account of each Noteholder the then unpaid principal amount of the Notes of such Noteholder on the Maturity Date.

Section 2.5. **Evidence of Indebtedness**. Each Noteholder shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Issuer to such Noteholder resulting from each Note purchased by such Noteholder from time to time, including the amounts of principal and interest payable thereon and paid to such Noteholder from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Commitment of each Noteholder, (ii) the amount of each Note purchased hereunder by each Noteholder, (iii) the date and amount of any principal or interest due and payable or to become due and payable from the Issuer to each Noteholder hereunder in respect of the Notes and (iv) both the date and amount of any sum received by the Administrative Agent hereunder from the Issuer in respect of the Notes and each Noteholders Pro Rata Share thereof. The entries made in such records shall be prima facie evidence of the existence and amounts of the obligations of the Issuer therein recorded; provided that the failure or delay of any Noteholder or the Administrative Agent in maintaining or making entries into any such record or any error

therein shall not in any manner affect the obligation of the Issuer to repay the Notes (both principal and unpaid accrued interest) of such Noteholder in accordance with the terms of this Agreement. In the event of any conflict between the accounts and records maintained by any Noteholder and the accounts and records of the Administrative Agent in respect of such entries, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Notwithstanding the foregoing, the Administrative Agent shall not act as, or be deemed to act as, transfer agent or registrar under Article 8 of the UCC or Section 17A(c) of the Exchange Act hereunder or under any other Note Document.

Section 2.6. **Optional Prepayments**. The Issuer shall have the right at any time and from time to time to prepay the Notes, in whole or in part, together with the Prepayment Premium pursuant to Section 2.9 (if any), but otherwise without premium or penalty, by giving written notice to the Administrative Agent no later than 11:00 a.m. (New York City time) three (3) Business Days prior to the date of such prepayment (or such later time as may be agreed by the Administrative Agent in its sole discretion). Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of Notes or portion thereof to be prepaid and the Prepayment Premium (if any) applicable thereto; provided that any such notice in connection with a repayment of the Notes may be conditioned upon the occurrence of another financing or transaction. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Noteholder of the contents thereof and of such Noteholder's Pro Rata Share of any such prepayment. If such notice is given, the aggregate principal amount specified in such notice shall be due and payable on the date designated in such notice (subject to the occurrence of any condition described above), together with accrued interest to such date on the principal amount so prepaid in accordance with Section 2.8(d) and the Prepayment Premium (if applicable) on the principal amount so prepaid; provided that if a Eurodollar Note is prepaid on a date other than the last day of an Interest Period applicable thereto, the Issuer shall also pay all amounts required pursuant to Section 2.15. Each prepayment pursuant to this Section 2.6 shall be applied first, to the Prepayment Premium due on the amount of the prepayment required by Section 2.9; second, to accrued interest due on the amount of the prepayment and third, to the principal thereof. FOR THE AVOIDANCE OF DOUBT, ANY VOLUNTARY PAYMENT OR PREPAYMENT, INCLUDING, BUT NOT LIMITED TO PURSUANT TO THIS SECTION 2.6, SHALL BE MADE TOGETHER WITH THE PREPAYMENT PREMIUM PURSUANT TO SECTION 2.9 (IF REQUIRED UNDER SUCH SECTION).

Section 2.7. **Mandatory Prepayments**.

(a) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds of any sale or disposition by Holdings or any of its Subsidiaries of any assets in an aggregate amount exceeding $250,000, the Issuer shall prepay the Obligations in an amount equal to the Net Cash Proceeds of such sale or disposition; provided, that (i) the Issuer shall not be required to prepay the Obligations with respect to proceeds from the sales or dispositions of assets in the ordinary course of business (including obsolete or worn-out equipment no longer useful in its business), and (ii) so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (a) or at the proposed time of the reinvestment of such proceeds, the Issuer shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Note Party, through one or more of its Subsidiaries that is a Note Party or

(y) in the case of proceeds received by a Subsidiary that is not a Note Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Issuer and its Subsidiaries so long as such proceeds received by a Note Party are subject to Control Account Agreements until reinvested; provided, further that the obligation of the Issuer to prepay the Obligations under this subsection (a) shall also not apply solely to the extent that (A) the sale or disposition was consummated by any Insurance Subsidiary (or Subsidiary thereof) of any of such Insurance Subsidiary's assets (or the assets of a Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Issuer for application of this subsection (a) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Issuer shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Issuer which the Issuer shall use to prepay the Obligations in accordance with this subsection (a). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(b) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any casualty insurance policies or eminent domain, condemnation or similar proceedings, the Issuer shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (b) or at the proposed time of the reinvestment of such proceeds, the Issuer shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Note Party, through one or more of its Subsidiaries that is a Note Party or (y) in the case of proceeds received by a Subsidiary that is not a Note Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Issuer and its Subsidiaries so long as such proceeds received by a Note Party are subject to Control Account Agreements until reinvested; provided, further that the obligation of the Issuer to prepay the Obligations under this subsection (b) shall also not apply solely to the extent that (A) the Net Cash Proceeds of the casualty insurance policies or eminent domain, condemnation or similar proceedings were received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Issuer for application of this subsection (b) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Issuer shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Issuer which the Issuer shall use to prepay the Obligations in accordance with this subsection (b). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(c) No later than the first (1st) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any issuance of Indebtedness by Holdings or any of its Subsidiaries, the Issuer shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided that the Issuer shall not be required to prepay the Obligations with respect to proceeds of Indebtedness permitted under Section 7.1; provided, further that the obligation of the Issuer to prepay the Obligations under this subsection (c) shall also not apply solely to the extent that (A) the Net Cash Proceeds of such Indebtedness were

incurred and received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Issuer for application of this subsection (c) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Issuer shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Issuer which the Issuer shall use to prepay the Obligations in accordance with this subsection (c). Any such prepayment shall be applied in accordance with subsection (f) of this Section. FOR THE AVOIDANCE OF DOUBT, ANY MANDATORY PAYMENT OR PREPAYMENT, INCLUDING BUT NOT LIMITED TO PURSUANT TO THIS SECTION 2.7(c), SHALL BE MADE TOGETHER WITH THE PREPAYMENT PREMIUM PURSUANT TO SECTION 2.9 (IF REQUIRED UNDER SUCH SECTION).

(d) No later than the Business Day following the date of receipt by the Issuer or any of its Subsidiaries of any proceeds from key man life insurance policies, the Issuer shall prepay the Obligations in an amount equal to all such proceeds. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(e) Upon the occurrence of an Equity Monetization Event the Issuer shall prepay the Obligations in full no later than the Business Day following the occurrence of such Equity Monetization Event. FOR THE AVOIDANCE OF DOUBT, ANY MANDATORY PAYMENT OR PREPAYMENT, INCLUDING BUT NOT LIMITED TO PURSUANT TO THIS SECTION 2.7(e), SHALL BE MADE TOGETHER WITH THE PREPAYMENT PREMIUM PURSUANT TO SECTION 2.9 (IF REQUIRED UNDER SUCH SECTION).

(f) Any prepayments made by the Issuer pursuant to subsection (a), (b), (c), (d) or (e) of this Section shall be applied as follows: first, to the Administrative Agent's fees, indemnities and reimbursable expenses then due and payable pursuant to any of the Note Documents and any amounts payable to the Noteholders pursuant to Section 2.15; second, to the Prepayment Premium due on the amount of the prepayment required by Section 2.9 (if any); third, to the interest due on the amount of the prepayment and fourth, principal balance of the Notes, until the same shall have been paid in full, *pro rata* to the Noteholders based on their Pro Rata Shares of the Notes.

(g) The Issuer shall notify the Administrative Agent by written notice of any prepayment pursuant to subsection (a), (b), (c), (d) or (e) of this Section not later than 11:00 a.m. (New York City time) one Business Day before the date of prepayment. Each such notice shall specify the prepayment date (which shall be a Business Day), the principal amount of the Notes to be prepaid, the Prepayment Premium (if any) applicable thereto and a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Administrative Agent shall advise the Noteholders of the contents thereof. All prepayments of the Notes pursuant to subsection (a), (b), (c), (d) or (e) of this Section shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

(h) To the extent that this Agreement, the Term Loan Agreement and/or any Pari Lien Debt Document then outstanding both require mandatory prepayments for the events described in clauses (a), (b), (c) or (d) of this Section 2.7, the Issuer may pay a portion of the Net

Cash Proceeds (or proceeds from key man life insurance policies, as applicable) derived from such events, determined on a Ratable Basis (as defined in the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement), to the Administrative Agent or applicable agent for any Pari Lien Debt to prepay Indebtedness in accordance with the terms of the Term Loan Agreement and/or such Pari Lien Debt Document.

Section 2.8. **Interest on Notes**.

(a) All Notes outstanding under the Note Documents shall bear interest on the unpaid principal amount (including any PIK Interest amount added to the unpaid principal amount pursuant to Section 2.8(f)) thereof from the date purchased through maturity (whether by acceleration or otherwise) at the Adjusted LIBO Rate for the applicable Interest Period then in effect plus the Applicable Margin (or, solely to the extent required by Section 2.12, the Alternative Rate plus the Applicable Margin).

(b) [Reserved].

(c) Notwithstanding subsection (a) of this Section, at the election of the Administrative Agent (or upon the written request of the Required Noteholders), and automatically after the occurrence and during the continuance of an Event of Default pursuant to Section 8.1(a), (b), (g), (h) or (j) if an Event of Default has occurred and is continuing, and automatically after acceleration or with respect to any past due amount hereunder, the Issuer shall pay interest ("Default Interest") with respect to all Eurodollar Notes at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for such Notes for the then-current Interest Period, and with respect to all Alternative Rate Notes and all other Obligations hereunder, at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for Notes using the Alternative Rate.

(d) Interest on the principal amount of all Notes shall accrue from and including the date such Notes are purchased to but excluding the date of any repayment thereof. Interest on all Notes shall be payable on each Interest Payment Date, on the Maturity Date and on the date of a repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Notes hereunder and shall promptly notify the Issuer and the Noteholders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

(f) During the period from the Closing Date through and including the date that is the three (3) year anniversary of the Closing Date (and in any event including the Interest Payment Date for the 12th Interest Period occurring after the Closing Date) (such period, the "PIK Election Period"), the Issuer shall have the option (such option, the "PIK Interest Election") to pay all or any portion of the interest accrued on each Note and payable on any Interest Payment Date occurring during the PIK Election Period in-kind, in lieu of cash payment, by capitalizing such interest and adding such accrued interest to the outstanding principal amount of such Note on such Interest Payment Date (such interest, "PIK Interest"). To exercise the PIK Interest Election for any

Interest Payment Date occurring during the PIK Election Period, the Issuer shall submit a PIK Election Notice to the Administrative Agent no later than seven (7) Business Days (or, such shorter period as the Administrative Agent may agree) prior to the applicable Interest Payment Date. If the Issuer has exercised the PIK Interest Election for any Interest Payment Date occurring during the PIK Election Period, on such Interest Payment Date, an amount equal to the portion of the accrued interest on the principal amount of the Notes set forth in the applicable PIK Election Notice shall be added to the outstanding principal amount of the Notes. Upon being capitalized and added to the then aggregate outstanding principal amount of a Note, PIK Interest shall be treated as principal of such Note for all purposes of this Agreement and the other Note Documents and shall accrue interest in accordance with this Section 2.8.

Section 2.9. **Prepayment Premium**.

(a) Any (i) voluntary payment, repayment, prepayment, satisfaction, replacement or refinancing (including in connection with any payment pursuant to Section 2.20), (ii) mandatory prepayment pursuant to Sections 2.7(c) or (e) (subject to the proviso below), (iii) other than with the consent of each directly affected Noteholder, (A) reduction to the amount or (B) extension of the due dates, in each case, of any principal of, or interest or premium on, any Note (whether in connection with any proceeding under Debtor Relief Laws or otherwise), or (iv) acceleration (including as a result of any Event of Default (including as a result of any proceeding under Debtor Relief Laws), whether automatically or by declaration, or by operation of law), in each case, in advance of the Maturity Date (including upon automatic acceleration of the Notes), of the Notes, whether in whole or in part, shall be at a price equal to (1) 100.0% of the principal amount thereof, plus (2) accrued and unpaid interest as of the date of such repayment or prepayment or other event or occurrence, plus (3) the Prepayment Premium, if any, as of the date of such repayment or prepayment or other event or occurrence; provided that notwithstanding the foregoing, no Prepayment Premium shall be payable upon (I) a mandatory prepayment under Sections 2.7(a), (b) or (d) or (II)(x) a mandatory prepayment under Section 2.7(e) (whether or not such mandatory prepayment, or the event giving rise to such mandatory prepayment, is waived by the Required Noteholders) or (y) a voluntary prepayment in connection with the event giving rise to any mandatory prepayment under Section 2.7(e) that has been waived by the Required Noteholders if, but only if, in the case of clauses (II)(x) and (II)(y), immediately prior to the occurrence of the event giving rise to such mandatory prepayment, the aggregate value of Holdings' Capital Stock (based on the Most Recent Equity Price (as defined below)) is equal to or exceeds $3,000,000,000. As used above, (i) "Most Recent Equity Price" means the implied valuation for Holdings' Capital Stock on a fully diluted basis arising from the applicable Equity Monetization Event or, in the event that the applicable Equity Monetization Event does not involve an investment which implies a value for Holdings' Capital Stock, then the "Most Recent Equity Price" shall mean the price that Holdings' preferred stock is sold to investors pursuant to the most recent Bona Fide Preferred Equity Offering (as defined below), and (ii) "Bona Fide Preferred Equity Offering" means (A) initially, the issuance by Holdings of its Series E Preferred Stock, and (B) thereafter, any issuance (or series of related issuances) by Holdings after the Closing Date of preferred stock so long as, in the case of this clause (B), the net cash proceeds of such issuance (or series of related issuances) is equal to or greater than $75,000,000.

(b) Any Prepayment Premium payable in accordance with this Section 2.9 shall be presumed to be equal to the liquidated damages sustained by the Noteholders as the result of

the occurrence of the prepayment event, and the Issuer and Guarantors agree that it is reasonable under the circumstances currently existing. The Prepayment Premium, if any, shall also be payable in the event the Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE ISSUER AND OTHER NOTE PARTIES EXPRESSLY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREPAYMENT PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Issuer and Guarantors expressly agree that (A) the Prepayment Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel, (B) the Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made, (C) there has been a course of conduct between Noteholders and the Issuer and the Guarantors giving specific consideration in this transaction for such agreement to pay the Prepayment Premium, (D) the Issuer and the Guarantors shall be estopped hereafter from claiming differently than as agreed to in this Section 2.9, (E) their agreement to pay the Prepayment Premium is a material inducement to the Noteholders to purchase the Notes, and (F) the Prepayment Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Noteholders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Noteholders or profits lost by the Noteholders as a result of such prepayment event.

Section 2.10. **Fees**.

(a) The Issuer shall pay to each Noteholder an upfront fee (the "Upfront Fee") equal to 2.5% of the aggregate principal amount of the Notes purchased by such Noteholder on the Closing Date, payable in cash on the Closing Date. At the option of each Noteholder, all or any portion of its Upfront Fee may be structured as original issue discount. The fees payable under this Section 2.10 shall be fully earned on the Closing Date and once paid shall be non-refundable.

(b) The Issuer agrees to pay to the Administrative Agent, for its own account, the fees set forth in the Agent Fee Letter at the times and in the amounts specified therein (such fees being referred to herein collectively as the "Agent Fees"). The Agent Fees shall be fully earned when due and shall not be refundable for any reason whatsoever.

Section 2.11. **Computation of Interest and Fees**.

Interest hereunder based on the Alternative Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and all fees hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of an interest rate or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.12. **Inability to Determine Interest Rates**.

(a) If, prior to the commencement of any Interest Period for any Eurodollar Note:

(i) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Issuer) that, by reason of circumstances affecting the relevant interbank market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (including, without limitation, because the Screen Rate is not available or published on a current basis) for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Noteholders that the Required Noteholders have reasonably determined that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Noteholders of making, funding or maintaining their Eurodollar Notes for such Interest Period,

then the Administrative Agent shall give written notice thereof (or telephonic notice, promptly confirmed in writing) to the Issuer and to the Noteholders as soon as practicable thereafter. Until the Administrative Agent shall notify the Issuer and the Noteholders that the circumstances giving rise to such notice no longer exist, all such affected Notes shall be bear interest based on the Alternative Rate, commencing on the last day of the then current Interest Period applicable thereto, unless the Issuer prepays such Notes in accordance with this Agreement. Until such notice has been withdrawn by the Administrative Agent, no further Notes shall bear interest based on the Adjusted LIBO Rate.

(b) If at any time the Administrative Agent reasonably determines in consultation with the Issuer that (i) the circumstances set forth in clause (a)(i) or (a)(ii) above have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) or (a)(ii) above have not arisen but either (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent (acting at the direction of the Required Noteholders) and the Issuer shall endeavor to establish an alternate benchmark rate of interest to the Screen Rate that (A) gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time and (B) is a rate for which the Administrative Agent has indicated in writing to the Noteholders (which includes email) that it is able to calculate and administer (any such proposed rate a "Eurodollar Successor Rate"), and the Issuer and the Administrative Agent, with the consent of Required Noteholders, shall enter into an amendment to this Agreement to reflect such alternate rate of interest together with any Eurodollar Successor Rate Conforming Changes and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin) (and the Noteholders hereby (1) authorize and direct the Administrative Agent to execute and deliver any such amendment in respect of which the Required Noteholders have indicated in writing to the Administrative Agent (which may be via email) that such amendment (and the alternate interest rate and Eurodollar Successor Rate Conforming Changes specified therein) is satisfactory to the

Required Noteholder and (2) acknowledge and agree that the Administrative Agent shall be entitled to all of the exculpations and indemnifications provided for in this Agreement in favor of the Administrative Agent in executing and delivering any such amendment). Notwithstanding anything to the contrary in Section 10.2, such amendment shall become effective without any further action or consent of any other party to this Agreement. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.12(b), only to the extent the Screen Rate for the applicable currency and/or such Interest Period is not available or published at such time on a current basis) any Note bearing interest based on the Adjusted LIBO Rate shall bear interest based on the Alternative Rate, commencing on the last day of the current Interest Period applicable thereto; provided, that, if such alternate rate of interest shall be less than one and one half of one percent (1.5%), such rate shall be deemed to be one and one half of one percent (1.5%) for the purposes of this Agreement.

Section 2.13. **[Reserved]**.

Section 2.14. **[Reserved]**.

Section 2.15. **Funding Indemnity**. In the event of (a) the payment of any principal of a Eurodollar Note other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of a Eurodollar Note other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Issuer to prepay any Eurodollar Note on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked but other than as a result of a notice pursuant to Sections 2.12), then, in any such event, the Issuer shall compensate each Noteholder, within ten (10) Business Days after written demand from such Noteholder, for any loss, cost or expense attributable to such event. In the case of a Noteholder holding a Eurodollar Note, such loss, cost or expense shall be deemed to include an amount determined by such Noteholder to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Note if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Note for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, for the period that would have been the Interest Period for such Eurodollar Note) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Note for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Note was prepaid or converted or the date on which the Issuer failed to borrow such Eurodollar Note. A certificate as to any additional amount payable under this Section submitted to the Issuer by any Noteholder (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.16. **Taxes**.

(a) Defined Terms. For purposes of this Section 2.16, the term "applicable law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Note Party under any Note Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction

or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Note Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Issuer. The Issuer shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Issuer. The Issuer shall indemnify each Recipient, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Issuer by a Noteholder (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Noteholder, shall be conclusive absent manifest error.

(e) Indemnification by the Noteholders. Each Noteholder shall severally indemnify the Administrative Agent, within 10 Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Noteholder (but only to the extent that the Issuer has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Issuer to do so) and (ii) any Excluded Taxes attributable to such Noteholder, in each case, that are payable or paid by the Administrative Agent in connection with any Note Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Noteholder by the Administrative Agent shall be conclusive absent manifest error. Each Noteholder hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Noteholder under any Note Document or otherwise payable by the Administrative Agent to the Noteholder from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Issuer or any other Note Party to a Governmental Authority pursuant to this Section 2.16, the Issuer or other Note Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Noteholders.

(i) Any Noteholder that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Note Document shall deliver to the Issuer and the Administrative Agent, at the time or times reasonably requested by the Issuer or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Issuer or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Noteholder, if reasonably requested by the Issuer or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Issuer or the Administrative Agent as will enable the Issuer or the Administrative Agent to determine whether or not such Noteholder is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Noteholder's reasonable judgment such completion, execution or submission would subject such Noteholder to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Noteholder.

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

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

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

(i) in the case of a Foreign Noteholder claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Note Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Note Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Noteholder claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit 2.16A to the effect that such Foreign Noteholder is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Issuer within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(iv) to the extent a Foreign Noteholder is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16B or Exhibit 2.16C, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Noteholder is a partnership and one or more direct or indirect partners of such Foreign Noteholder are claiming the portfolio interest exemption, such Foreign Noteholder may provide a U. S. Tax Compliance Certificate substantially in the form of Exhibit 2.16D on behalf of each such direct and indirect partner;

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

(D) if a payment made to a Noteholder under any Note Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Noteholder were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Noteholder shall deliver to the Issuer and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Issuer or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the

Code) and such additional documentation reasonably requested by the Issuer or the Administrative Agent as may be necessary for the Issuer and the Administrative Agent to comply with their obligations under FATCA and to determine that such Noteholder has complied with such Noteholder's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

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

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Noteholder, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Note Document.

Section 2.17. **Payments Generally; Pro Rata Treatment; Sharing of Set-offs**.

(a) The Issuer shall make each payment required to be made by it hereunder (whether of principal, interest, fees or amounts payable under Sections 2.15 or 2.16, or otherwise) prior to 2:00 p.m. on the date when due, (other than in the case of PIK Interest) in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for

purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Account, except that payments pursuant to Sections 2.15, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. Except as otherwise provided herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. If any payment on a Eurodollar Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied as follows: first, to all fees, indemnities and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Note Documents; second, to all fees, Prepayment Premium and reimbursable expenses of the Noteholders then due and payable pursuant to any of the Note Documents, *pro rata* to the Noteholders based on their respective *pro rata* shares of such fees, Prepayment Premium and expenses; third, to all interest then due and payable hereunder, *pro rata* to the Noteholders based on their respective *pro rata* shares of such interest; and fourth, to all principal of the Notes then due and payable hereunder, *pro rata* to the parties entitled thereto based on their respective *pro rata* shares of such principal.

(c) If any Noteholder shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Notes that would result in such Noteholder receiving payment of a greater proportion of the aggregate amount of Notes and accrued interest and fees thereon than the proportion received by any other Noteholder with respect to its Notes, then the Noteholder receiving such greater proportion shall purchase (for cash at face value) Notes of other Noteholders to the extent necessary so that the benefit of all such payments shall be shared by the Noteholders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Notes; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this subsection shall not be construed to apply to any payment made by the Issuer pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Noteholder as consideration for the assignment of or sale of a participation in any of its Notes to any assignee or participant, other than to the Issuer or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). The Issuer consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Noteholder acquiring a participation pursuant to the foregoing arrangements may exercise against the Issuer rights of set-off and counterclaim with respect to such participation as fully as if such Noteholder were a direct creditor of the Issuer in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Issuer prior to the date on which any payment is due to the Administrative Agent for the account of the

Noteholders that the Issuer will not make such payment, the Administrative Agent may assume that the Issuer has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Noteholders the amount or amounts due. In such event, if the Issuer has not in fact made such payment, then each of the Noteholders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Noteholder with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

Section 2.18. **[Reserved]**.

Section 2.19. **Mitigation of Obligations**. If the Issuer is required to pay any Indemnified Taxes or additional amount to any Noteholder or any Governmental Authority for the account of any Noteholder pursuant to Section 2.16, then such Noteholder shall use reasonable efforts to designate a different lending office for purchasing or booking its Notes hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Noteholder, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.16 in the future and (ii) would not subject such Noteholder to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Noteholder. The Issuer hereby agrees to pay all costs and expenses incurred by any Noteholder in connection with such designation or assignment.

Section 2.20. **Replacement of Noteholders**. If (a) the Issuer is required to pay any Indemnified Taxes or additional amount to any Noteholder or any Governmental Authority for the account of any Noteholder pursuant to Section 2.16 or (b) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.2(b), the consent of the Required Noteholders shall have been obtained but the consent of one or more of such other Noteholders (each a "Non-Consenting Noteholder") whose consent is required shall not have been obtained, then the Issuer may, at its sole expense and effort, upon notice to such Noteholder and the Administrative Agent, require such Noteholder to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.16) and obligations under this Agreement and the other Note Documents to an assignee that shall assume such obligations (which assignee may be another Noteholder) (a "Replacement Noteholder"); provided that (i) the Issuer shall have received the prior written consent of the Administrative Agent (to the extent such consent is required for an assignment to such Replacement Noteholder pursuant to Section 10.4(b)), which consent shall not be unreasonably withheld, (ii) such Noteholder shall have received payment of an amount equal to the outstanding principal amount of all Notes owed to it, accrued interest thereon, accrued fees, any Prepayment Premium, and all other amounts payable to it hereunder from the assignee (in the case of such outstanding principal and accrued interest) and from the Issuer (in the case of all other amounts), (iii) in the case of payments required to be made pursuant to Section 2.16, such assignment will result in elimination of the applicable illegality or a reduction in such compensation or payments and (iv) the Issuer shall have paid to the Administrative Agent the processing and recordation fee specified in Section 10.4(b)(iv). A Noteholder shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such

Noteholder or otherwise, the circumstances entitling the Issuer to require such assignment and delegation cease to apply. Upon receipt by the Noteholder being replaced of all amounts required to be paid by it pursuant to this Section 2.20, such Noteholder shall execute an Assignment and Acceptance within two Business Days of the date on which the Replacement Noteholder executes and delivers such Assignment and Acceptance to the Noteholder (or such executed Assignment and Acceptance is delivered by the Administrative Agent on behalf of the Replacement Noteholder). If the Noteholder does not execute such Assignment and Acceptance within such two Business Days, then such Noteholder shall be deemed to have executed and delivered the Assignment and Acceptance without any action on the part of the Noteholder and the Assignment and Acceptance so executed by the Replacement Noteholder shall be effective for the purposes of this Section 2.20 and Section 10.4.

ARTICLE III.

CONDITIONS PRECEDENT TO NOTE PURCHASE

Section 3.1. **Conditions to Effectiveness**. The obligations of the Noteholders to purchase Notes hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Administrative Agent and the Noteholders shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, including, without limitation, reimbursement or payment of all out-of-pocket expenses of the Administrative Agent, the Noteholders and their Affiliates (including reasonable fees, charges and disbursements of one firm of outside counsel for the Administrative Agent and one firm of outside counsel for the Required Noteholders, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) to the Administrative Agent) required to be reimbursed or paid by the Issuer hereunder, under any other Note Document and under any agreement with the Administrative Agent. The Administrative Agent shall have received a fully executed copy of the Agent Fee Letter.

(b) The Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received the following, each to be in form and substance satisfactory to the Required Noteholders:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) a certificate of the Secretary or Assistant Secretary of each Note Party in the form of Exhibit 3.1(b)(ii), attaching and certifying copies of its bylaws, or partnership agreement or limited liability company agreement, and of the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Note Documents to which it is a party and certifying the name, title and true signature of each officer of such Note Party executing the Note Documents to which it is a party;

(iii) certified copies of the articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of each Note Party, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of such Note Party;

(iv) written opinions of Latham & Watkins LLP and Squire Patton Boggs LLP, counsel to the Note Parties, addressed to the Administrative Agent and each of the Noteholders, and covering such matters relating to the Note Parties, the Note Documents and the transactions contemplated therein as the Required Noteholders shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Noteholders);

(v) a certificate in the form of Exhibit 3.1(b)(v), dated the Closing Date and signed by a Responsible Officer, certifying that immediately after giving effect to the purchase of the Notes, (A) no Default or Event of Default exists, (B) all representations and warranties of each Note Party set forth in the Note Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects), (C) since the date of the financial statements of the Issuer described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect and (D) immediately after giving *pro forma* effect to the purchase of the Notes and the consummation of the Closing Date Transactions, the Surplus and Liquidity Amount is not less than $125,000,000;

(vi) a duly executed Notice of Issuance shall have been delivered in accordance with Section 2.2, together with a flow of funds setting forth the sources and uses of the proceeds hereof;

(vii) copies of all consents, approvals, authorizations, registrations and filings and orders required to be made or obtained under any Requirement of Law, or by any Material Agreement of any Note Party, in connection with the execution, delivery, performance, validity and enforceability of the Note Documents or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any use of the proceeds thereof shall be ongoing;

(viii) copies of (A) the Historical Financial Statements and (B) financial projections on a monthly basis through the Fiscal Month ending September 30, 2022;

(ix) a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI hereof for the last 12 Fiscal Months ended September 30, 2019, calculated on a *pro forma* basis as if the Closing Date Transactions had occurred as of the first day of the relevant period for testing compliance (and setting forth in reasonable detail such calculations);

(x) evidence that the issuance of the Closing Date Warrants shall have been or, substantially concurrently with the purchase of the Notes under this Agreement shall be, issued on terms and conditions reasonably acceptable to the Required Noteholders;

(xi) a certificate, dated the Closing Date and signed by a Responsible Officer of the Issuer, confirming that the Note Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the purchase of the Notes and the consummation of the Closing Date Transactions;

(xii) the Guaranty and Security Agreement, duly executed by the Issuer and each of the Subsidiary Note Parties, together with (A) UCC financing statements and other applicable documents under the laws of all necessary jurisdictions with respect to the perfection of the Liens granted under the Guaranty and Security Agreement, as reasonably requested by the Required Noteholders in order to perfect such Liens, duly authorized by the Note Parties, (B) copies of favorable UCC, tax, judgment and fixture lien search reports in all necessary jurisdictions and under all legal and trade names of the Note Parties, as reasonably requested by the Required Noteholders, indicating that there are no prior Liens on any of the Collateral other than Liens permitted under Section 7.2 and Liens to be released on the Closing Date, (C) a Perfection Certificate, duly completed and executed by the Issuer, (D) duly executed Patent Security Agreements, Trademark Security Agreements and Copyright Security Agreements (if applicable), (E) subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, original certificates evidencing all issued and outstanding shares of Capital Stock of all Note Parties that constitute "certificated securities" under the UCC and (F) subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, stock or membership interest powers or other appropriate instruments of transfer executed in blank with respect to such "certificated securities";

(xiii) copies of all Material Agreements listed on Schedule 3.1(b)(xiii);

(xiv) property and liability certificates of insurance, in form and detail acceptable to the Required Noteholders, describing the types and amounts of property and liability insurance maintained by any of the Note Parties, in each case naming the Administrative Agent as lender loss payee or additional insured, as the case may be;

(xv) a duly executed Collateral Assignment;

(xvi) a duly executed Intercreditor Agreement; and

(xvii) delivery of such other documents, certificates, information or legal opinions as the Administrative Agent or any Noteholder shall have reasonably requested prior to the Closing Date.

Without limiting the generality of the provisions of this Section, for purposes of determining compliance with the conditions specified in this Section, each Noteholder that has signed this Agreement shall be deemed to have consented to, approved of, accepted or been satisfied with each document or other matter required thereunder to be consented to, approved by

or acceptable or satisfactory to a Noteholder unless the Administrative Agent shall have received notice from such Noteholder prior to the proposed Closing Date specifying its objection thereto.

Section 3.2. **Delivery of Documents**. All of the Note Documents, certificates, legal opinions and other documents and papers referred to in this Article, unless otherwise specified, shall be delivered to the Administrative Agent and the Required Noteholders and shall be in form and substance satisfactory in all respects to the Required Noteholders.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Issuer represents and warrants to the Administrative Agent and each Noteholder as of the Closing Date as follows:

Section 4.1. **Existence; Power**. Holdings and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to (a) carry on its business as now conducted except where a failure could not reasonably be expected to result in a Material Adverse Effect and (b) to execute, deliver and perform its obligations under the Note Documents to which it is a party (if any), and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. **Organizational Power; Authorization; Enforceability**. The execution, delivery and performance by each Note Party of the Note Documents to which it is a party are within such Note Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Agreement has been duly executed and delivered by Holdings and the Issuer and constitutes, and each other Note Document to which any Note Party is a party, when executed and delivered by such Note Party, will constitute, valid and binding obligations of the Issuer or such Note Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. **Governmental Approvals; No Conflicts; No Default**. The execution, delivery and performance by each Note Party of the Note Documents to which it is a party (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Note Documents, (b) will not materially violate (i) any Requirement of Law applicable to Holdings or any of its Subsidiaries or (ii) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or any of its Subsidiaries (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition

of any Lien on any asset of Holdings or any of its Subsidiaries, except Liens (if any) created under the Note Documents and Liens permitted under Section 7.2. As of the Closing Date no Default or Event of Default has occurred and is continuing. As of the Closing Date, neither the Issuer nor any Subsidiary is in default under or with respect to any Material Agreement in any respect that individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

Section 4.4. **Financial Statements**. The Issuer has furnished to each Noteholder (i) the audited consolidated balance sheet of the Issuer and its Subsidiaries as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte, (ii) the unaudited consolidated balance sheet of the Issuer and its Subsidiaries as of September 30, 2019, and the related unaudited consolidated statements of income and cash flows for the Fiscal Month and year-to- date period then ended, certified by a Responsible Officer of the Issuer and (iii) the audited consolidated balance sheet of Root Insurance Company as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018 and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte (the foregoing items (i)-(iii), collectively, the "Historical Financial Statements"). Such financial statements fairly present the consolidated financial condition of (A) in the case of clauses (i) and (ii), the Issuer and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) and (B) in the case of clause (iii), Root Insurance Company and the consolidated results of operations for such periods in conformity with SAP consistently applied. Since December 31, 2018, there have been no changes with respect to the Issuer and its Subsidiaries which have had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.5. **Litigation and Environmental Matters**.

(a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of Holdings or the Issuer, threatened against or affecting Holdings, the Issuer or any of their respective Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Note Document.

(b) Except for the matters set forth on Schedule 4.5 and matters that could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim against it with respect to any Environmental Liability or (iv) has actual knowledge of any facts or circumstances that could reasonably be expected to give rise to an Environmental Liability.

Section 4.6. **Compliance with Laws and Agreements**. Holdings and each of its Subsidiaries is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. **Investment Company Act**. Neither Holdings nor any of its Subsidiaries is (a) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended and in effect from time to time, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur its Obligations under the Note Documents or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

Section 4.8. **Taxes**. Holdings and its Subsidiaries have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all material taxes due and payable (whether or not shown on such returns) or on any assessments made against it or its property and all other material taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of Holdings and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9. **Margin Regulations**. None of the proceeds of any of the Notes will be used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.10. **ERISA**.

(a) Each Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that it meets the requirements of Section 401(a) of the Code, or is comprised of a master or prototype plan that has received a favorable opinion letter from the IRS, and, to the knowledge of Holdings or the Issuer, nothing has occurred since the date of such determination or opinion letter that would adversely affect such qualification. Except as could not reasonably be expected to result in Material Adverse Effect, (i) each Plan is in compliance in form and operation with its terms and with ERISA and the Code (including, without limitation, the Code provisions compliance with which is necessary for any intended favorable tax treatment) and all other applicable laws and regulations, (ii) no ERISA Event has occurred or, to the knowledge of Holdings or the Issuer, is reasonably expected to occur; (iii) there exists no Unfunded Pension Liability with respect to any Plan; (iv) there are no actions, suits or claims pending against or involving a Plan (other than routine claims for benefits) or, to the knowledge of Holdings or the Issuer, any of their respective Subsidiaries or any ERISA Affiliate, threatened; and (v) none of Holdings, any of its Subsidiaries or any ERISA Affiliate

have, within the past five calendar years, ceased operations at a facility so as to become subject to the provisions of Section 4068(a) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions to any Plan subject to Section 4064(a) of ERISA to which it made contributions. None of Holdings, any of its Subsidiaries or any ERISA Affiliate is, has or had, within any of the five calendar years immediately preceding the date this assurance is given or deemed given, made or been required to make contributions to any Multiemployer Plan.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) each Non-U.S. Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities; (ii) neither Holdings nor any of its Subsidiaries has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Plan; and (iii) the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Plan, determined as of the end of Holdings' most recently ended fiscal year on the basis of reasonable actuarial assumptions, did not exceed the current value of the assets of such Non-U.S. Plan allocable to such benefit liabilities.

Section 4.11. **Ownership of Property; Intellectual Property; and Insurance**.

(a) Each of the Issuer and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Issuer referred to in Section 4.4 or purported to have been acquired by the Issuer or any of its Subsidiaries after said date (except as sold or otherwise disposed of in the ordinary course of business or otherwise as permitted under Section 7.6 of this Agreement), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of Holdings and its Subsidiaries are valid and subsisting and are in full force.

(b) Each of Holdings and its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except for such Intellectual Property the failure of which to own or license would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Issuer, (a) the conduct and operations of the businesses of Holdings and its Subsidiaries does not infringe, misappropriate, dilute or violate any Intellectual Property owned by any other Person and (b) no other Person has contested any right, title or interest of Holdings or its Subsidiaries in, or relating to, any Intellectual Property, other than, in each case, as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

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

(d) As of the Closing Date, neither the Issuer nor any of its Subsidiaries owns a fee interest in any Real Estate.

Section 4.12. **Disclosure**. Holdings and the Issuer have disclosed to the Noteholders all agreements, instruments, and corporate or other restrictions to which Holdings, the Issuer or any of their respective Subsidiaries is subject, and all other matters known to any of them, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports (including, without limitation, all reports that an Insurance Subsidiary is required to file with any regulatory agency), financial statements, certificates or other written information furnished by or on behalf of the Issuer to any Noteholder in connection with the negotiation of this Agreement or any other Note Document or delivered hereunder or thereunder, including as posted to an online dataroom for the Noteholders (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Issuer represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being acknowledged and understood that such information is subject to material contingencies and assumptions, many of which are beyond the Issuer's control, and that actual results may differ materially from such information and that such projections are not a guarantee of financial performance).

Section 4.13. **Labor Relations**. Except as could not reasonably be expected to result in a Material Adverse Effect, (i) there are no strikes, lockouts or other material labor disputes or grievances against Holdings or any of its Subsidiaries, or, to Holdings' or the Issuer's knowledge, threatened against or affecting Holdings or the Issuer or any of their respective Subsidiaries; (ii) no significant unfair labor practice charges or grievances are pending against the Issuer or any of its Subsidiaries, or, to Holdings' or the Issuer's knowledge, threatened against any of them before any Governmental Authority; and (iii) all payments due from Holdings or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of Holdings or any such Subsidiary.

Section 4.14. **Subsidiaries**. Schedule 4.14 sets forth the name of, the ownership interest of the applicable Note Party in, the jurisdiction of incorporation or organization of, and the type of each Subsidiary of Holdings and the other Note Parties and identifies each Subsidiary that is a Subsidiary Note Party, in each case as of the Closing Date. As of the Closing Date, all of the issued and outstanding Capital Stock of the Subsidiaries owned by any Note Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable free and clear of all Liens (other than Liens permitted pursuant to Section 7.2(a) or (h)). As of the Closing Date, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell or convertible interests by Holdings or any Subsidiary of Holdings relating to Capital Stock of Holdings or any Subsidiary of Holdings, other than (i) the Closing Date Warrants, (ii) warrants issued to Silicon Valley Bank to purchase 97,960 shares of Holdings' Series B Preferred Stock and 500,000 shares of Holdings' Series A-3 Preferred Stock and (iii) equity awards issued pursuant to an equity incentive plan of Holdings or any Subsidiary of Holdings or other compensation arrangements with employees of Holdings or any Subsidiary of Holdings.

Section 4.15. **Solvency**. After giving effect to the Closing Date Transactions and the use of proceeds in connection therewith on the Closing Date, the Note Parties and their Subsidiaries, taken as a whole, are Solvent.

Section 4.16. **Deposit and Disbursement Accounts**. Schedule 4.16 lists all banks and other financial institutions at which any Note Party maintains deposit accounts, lockbox accounts, disbursement accounts, investment accounts or other similar accounts as of the Closing Date, and such Schedule correctly identifies the name, address and telephone number of each financial institution, the name in which the account is held, the type of the account, and the complete account number therefor.

Section 4.17. **Collateral Documents**.

(a) The Guaranty and Security Agreement is effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable security interest in the Collateral (as defined therein), and when UCC financing statements in appropriate form are filed in the offices specified on Schedule 3 to the Guaranty and Security Agreement, the Liens created under the Guaranty and Security Agreement shall constitute a fully perfected Lien (to the extent that such Lien may be perfected by the filing of a UCC financing statement) on, and security interest in, all right, title and interest of the grantors thereunder in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens, the Liens of the Term Loan Agent and Liens securing any Pari Lien Debt; provided that the Liens of the Term Loan Agent and Liens permitted by Section 7.2(h) may be *pari passu* with the Liens granted to the Administrative Agent under the Note Documents. Subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, when the certificates evidencing Capital Stock that constitutes "certificated securities" pledged pursuant to the Guaranty and Security Agreement are delivered to the Administrative Agent (or the Term Loan Agent or any other administrative agent or collateral agent for any Pari Lien Debt, in each case, as the Administrative Agent's bailee), together with appropriate stock powers or other similar instruments of transfer duly executed in blank, the Liens in such Capital Stock shall be fully perfected first priority security interests, perfected by "control" as defined in the UCC.

(b) When the filings in subsection (a) of this Section are made and when, if applicable, the Patent Security Agreements and the Trademark Security Agreements are filed in the United States Patent and Trademark Office and the Copyright Security Agreements are filed in the United States Copyright Office, the Liens created by Guaranty and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Note Parties in the Patents, Trademarks and Copyrights, if any, in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person other than with respect to Permitted Prior Liens, the Liens of the Term Loan Agent and Liens securing any Pari Lien Debt; provided that the Liens of the Term Loan Agent and Liens permitted by Section 7.2(h) may be *pari passu* with the Liens granted to the Administrative Agent under the Note Documents.

(c) Each Mortgage, when duly executed and delivered by the relevant Note Party, will be effective to create in favor of the Administrative Agent for the ratable benefit of the

Secured Parties a legal, valid and enforceable Lien on all of such Note Party's right, title and interest in and to the Real Estate of such Note Party covered thereby and the proceeds thereof, and when such Mortgage is filed in the real estate records where the respective Mortgaged Property is located, such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of such Note Party in such Real Estate and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the Term Loan Agent and Liens securing any Pari Lien Debt; provided that the Liens of the Term Loan Agent and Liens permitted by Section 7.2(h) may be *pari passu* with the Liens granted to the Administrative Agent under the Note Documents.

(d) No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, except to the extent that the applicable Note Party maintains flood insurance with respect to such improved real property in compliance with the requirements of Section 5.8.

Section 4.18. **Material Agreements**. As of the Closing Date, all Material Agreements of the Issuer and its Subsidiaries are described on Schedule 4.18, and each such Material Agreement is in full force and effect. As of the Closing Date, the Issuer does not have any knowledge of any pending amendments or threatened termination of any of the Material Agreements. As of the Closing Date, the Issuer has delivered to the Administrative Agent a true, complete and correct copy of each Material Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith) listed on Schedule 3.1(b)(xii).

Section 4.19. **Insurance Licenses**. No Insurance License of the Issuer or any Insurance Subsidiary, the loss of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To the best of the Issuer's knowledge, there is no sustainable basis for a suspension or revocation of any Insurance License of the Issuer or any Insurance Subsidiary which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, and no such suspension or revocation has been threatened by any Governmental Authority which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section 4.20. **Sanctions and Anti-Corruption Laws**.

(a) None of Holdings or any of its Subsidiaries or any of their respective directors, officers, employees, agents or affiliates is a Sanctioned Person. No Notes, use of proceeds, or other transaction contemplated by this Agreement or the other Note Documents will violate Anti-Corruption Laws, the PATRIOT Act, or Sanctions.

(b) Holdings, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of Holdings and the Issuer, the agents of Holdings and its Subsidiaries, are in compliance with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions. The Issuer and its Subsidiaries have instituted and maintain policies and procedures designed to promote continued compliance therewith.

Section 4.21. **No General Solicitation**. In the case of each offer or sale of the Notes, no form of general solicitation or general advertising (within the meaning of Regulation D under the Act) was used by the Issuer nor any of its Subsidiaries or Affiliates, nor any director, manager, officer, or employee (as applicable), nor, to the Issuer's knowledge, any agent or representative (excluding, for the avoidance of doubt, any Noteholder) of the Issuer or of any of its Subsidiaries or Affiliates, including, without limitation, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

ARTICLE V.

AFFIRMATIVE COVENANTS

Until all Obligations (other than contingent obligations as to which no claim exists or has been asserted) have been paid in full, Holdings and the Issuer covenant and agree with the Administrative Agent and the Noteholders that:

Section 5.1. **Financial Statements and Other Information**. Holdings will deliver to the Administrative Agent for delivery to each Noteholder:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Holdings, a copy of the annual audited report for such Fiscal Year for Holdings and its Subsidiaries (commencing with the Fiscal Year ended December 31, 2019), containing a consolidated and consolidating balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Year and the related consolidated and consolidating statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by Deloitte or other independent public accountants of nationally recognized standing (which may have a "going concern" or like qualification, exception or explanation solely as a result of the impending maturity of the Indebtedness incurred pursuant to, or prospective breach of any financial covenant under, this Agreement, the Term Loan Agreement or any Pari Lien Debt, but without any other qualification as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP;

(b) as soon as available and in any event within 60 days (or in the case of any audited statements and risk-based capital reports required to be delivered pursuant to this clause (b), 180 days) after the end of each Fiscal Year of each Insurance Subsidiary (commencing, in the case of any audited statements and risk-based capital reports required to be delivered, with the Fiscal Year ended December 31, 2019), the annual statement of such Insurance Subsidiary (prepared in accordance with SAP) for such Fiscal Year and as filed with the Insurance Regulatory Authorities of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such annual statement and any audited statements and risk-based capital reports, in each case which are required by such Insurance Regulatory Authorities);

(c) as soon as available and in any event (i) (A) within 30 days after the end of each Fiscal Month (commencing with the Fiscal Month ended October 31, 2019) of Holdings, an unaudited consolidated and consolidating balance sheets of Holdings and its Subsidiaries as of the end of such Fiscal Month and the related unaudited consolidated and consolidating statements of income and cash flows of Holdings and its Subsidiaries for such Fiscal Month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Month and the corresponding portion of Holdings' previous Fiscal Year and the corresponding figures for the budget for the current Fiscal Year, and (B) (x) within 60 days after the end of the Fiscal Month ended October 31, 2019 and (y) within 30 days after the end of each Fiscal Month of Holdings ending thereafter, a monthly reporting package consistent with Exhibit 5.1(c); (ii) within 30 days after the end of each Fiscal Quarter, quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP), consisting of balance sheet, income statement and cash flows of each Insurance Subsidiary; and (iii) within 45 days after the end of each Fiscal Quarter (or 60 days after the end of each Fiscal Quarter ending December 31), quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP) as filed with the Insurance Regulatory Authority of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such financial statements as required by such Insurance Regulatory Authority);

(d) concurrently with the delivery of the financial statements referred to in subsections (a) and (c)(i) of this Section, a Compliance Certificate;

(e) the Issuer shall furnish or otherwise make available to the Noteholders and to prospective purchasers of the Notes designated by such Noteholders, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Act to the extent such Notes constitute "restricted securities" within the meaning of the Act;

(f) as soon as available and in any event within 30 days after the end of the calendar year, forecasts and a pro forma budget for the succeeding Fiscal Year, containing an income statement, balance sheet, statement of cash flow and projected dividend capacity;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed with any Insurance Regulatory Authority, the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be;

(h) promptly following the delivery to or receipt by Holdings, the Issuer or any of their respective Subsidiaries thereof, (i) a copy of any regular or periodic final examination reports or results of any market conduct examination or examination by the applicable Insurance Regulatory Authority or the NAIC of the financial condition and operations of, or any notice of any finding as to a violation of any Requirement of Law from an Insurance Regulatory Authority, or (ii) any other report with respect to any Insurance Subsidiary (including any summary report from the NAIC with respect to the performance of such Insurance Subsidiary as measured against the ratios and other financial measurements developed by the NAIC under its "Insurance

Regulatory Information System" as in effect from time to time) that would reasonably be expected to result in a Material Adverse Effect;

(i) promptly following receipt thereof, (i) a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each Insurance Subsidiary that is provided to the applicable Insurance Regulatory Authority or other applicable Governmental Authority (or equivalent information should such Governmental Authority no longer require such a statement) as to the adequacy of reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the applicable Insurance Regulatory Authority and (ii) each audit of any Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(j) promptly following any request therefor, (i) such other information regarding the results of operations, business affairs and financial condition of Holdings or any of its Subsidiaries as the Administrative Agent or any Noteholder may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Noteholder for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Notwithstanding the foregoing or anything in Section 5.2 to the contrary, Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law (including insurance regulatory financial analysis or examination privilege) or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Issuer shall provide written notice to the Administrative Agent that such information or document is being withheld and the Issuer shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Issuer shall promptly share any such information that was withheld.

Holdings and the Issuer hereby acknowledge that (a) the Administrative Agent may make available to the Noteholders materials and/or information provided by or on behalf of the Issuer hereunder (collectively, "Issuer Materials") by posting the Issuer Materials on the Platform and (b) certain of the Noteholders (each, a "Public Noteholder") may have personnel who do not wish to receive material non-public information with respect to the Issuer or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Issuer hereby agrees that it will use commercially reasonable efforts to identify that portion of the Issuer Materials that may be distributed to Public Noteholders and that (w) all such Issuer Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Issuer Materials "PUBLIC", the Issuer shall be deemed to have authorized the Administrative Agent and the Noteholders to treat such Issuer Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Issuer or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Issuer Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Issuer

Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent shall be entitled to treat any Issuer Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

Section 5.2. **Notices of Material Events**.

(a) The Issuer will furnish to the Administrative Agent for delivery to each Noteholder prompt (and, in any event, not later than three (3) Business Days (or, in the case of clause (vii)(B) of this Section 5.2(a), ten (10) Business Days) after a Responsible Officer becomes aware thereof) written notice of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Holdings or the Issuer, affecting Holdings, the Issuer or any of their respective Subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(iii) the occurrence of any event or any other development by which Holdings or any of its Subsidiaries (A) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (B) becomes subject to any Environmental Liability, (C) receives notice of any claim with respect to any Environmental Liability, or (D) becomes aware of any basis for any Environmental Liability, in each case which, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(iv) promptly and in any event within 15 days after (A) Holdings, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a certificate of a Responsible Officer of the Issuer describing such ERISA Event and the action, if any, proposed to be taken with respect to such ERISA Event and a copy of any notice filed with the PBGC or the IRS pertaining to such ERISA Event and any notices received by Holdings, such Subsidiary or such ERISA Affiliate from the PBGC or any other governmental agency with respect thereto, and (B) becoming aware (1) that there has been an increase in Unfunded Pension Liabilities (not taking into account Plans with negative Unfunded Pension Liabilities) since the date the representations hereunder are given or deemed given, or from any prior notice, as applicable, (2) of the existence of any Withdrawal Liability, (3) of the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by Holdings, any of its Subsidiaries or any ERISA Affiliate, or (4) of the adoption of any amendment to a Plan subject to Section 412 of the Code which results in a material increase in contribution obligations of Holdings, any of its Subsidiaries or any ERISA Affiliate, a detailed written description thereof from a Responsible Officer of the Issuer;

(v) the occurrence of any default or event of default, or the receipt by Holdings or any of its Subsidiaries of any written notice of an alleged default or event of default, with respect to any Material Indebtedness of Holdings or any of its Subsidiaries;

(vi) any material amendment or modification to any Material Agreement (together with a copy thereof), and prompt notice of any termination, expiration or loss of any Material Agreement that, individually or in the aggregate, could reasonably be expected to result in a reduction in revenue of the Note Parties of 10% or more on a consolidated basis from the prior Fiscal Year;

(vii) (A) any material amendment, waiver, supplement, or other modification of any Term Loan Document or Pari Lien Debt Document and (B) any other amendment, waiver, supplement, or other modification of any Term Loan Document or Pari Lien Debt Document; and

(viii) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(b) The Issuer will furnish to the Administrative Agent and each Noteholder the following:

(i) promptly and in any event at least 30 days prior thereto (or such later date as agreed by the Administrative Agent), notice of any change (i) in any Note Party's legal name, (ii) in any Note Party's chief executive office, its principal place of business, any office in which it maintains books or records or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Note Party's identity or legal structure, (iv) in any Note Party's federal taxpayer identification number or organizational number or (v) in any Note Party's jurisdiction of organization;

(ii) promptly and in any event within 30 days after receipt thereof: (x) each actuarial report for each Insurance Subsidiary; and (y) each audit of an Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(iii) as soon as available and in any event within 30 days after receipt thereof, a copy of any environmental report or site assessment obtained by or for Holdings or any of its Subsidiaries after the Closing Date on any Real Estate.

(c) The Issuer shall promptly (and in any event within seven days) notify the Administrative Agent of the formation or acquisition of any Insurance Subsidiary or Subsidiary of an Insurance Subsidiary or if any Subsidiary of the Issuer has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License.

Each notice or other document delivered under this Section shall be accompanied by a written statement of a Responsible Officer of the Issuer setting forth the details of the event or development requiring such notice or other document and any action taken or proposed to be taken with respect thereto.

Section 5.3. **Existence; Conduct of Business**. Holdings will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and the Intellectual Property that is material to the conduct of its business; provided that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3 or any disposition permitted under Section 7.6.

Section 5.4. **Compliance with Laws**. Holdings will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Holdings will maintain in effect and enforce policies and procedures designed to promote and achieve compliance by Holdings, its Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions.

Section 5.5. **Payment of Obligations**. Holdings will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity all of its obligations and liabilities (including, without limitation, all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and Holdings or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make such payment could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. **Books and Records**. Holdings will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in all material respects shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Holdings and its Subsidiaries in conformity with GAAP or SAP, as applicable.

Section 5.7. **Visitation and Inspection**. Holdings and the Issuer will, and will cause each of their respective Subsidiaries to, permit any representative of the Administrative Agent or any Noteholder to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants (provided that representatives of the Issuer shall be permitted to be present at any discussion with such accountants), all at such reasonable times and as often as the Administrative Agent or any Noteholder may reasonably request after reasonable prior notice to Holdings or the Issuer; provided that (a) so long as no Event of Default shall have occurred and be continuing, the Administrative Agent and the Noteholder shall not make more than one such visit and inspection at the expense of the Issuer in any Fiscal Year, (b) if an Event of Default has occurred and is continuing, no prior notice shall be required and (c) Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law (including insurance regulatory financial analysis or examination privilege) or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document

pursuant to such restrictions or obligations, the Issuer shall provide written notice to the Administrative Agent that such information or document is being withheld and the Issuer shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Issuer shall promptly share any such information that was withheld.

Section 5.8. **Maintenance of Properties; Insurance**. Holdings will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, (b) maintain with financially sound and reputable insurance companies which are not Affiliates of Holdings (i) insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations (including, in any event, flood insurance as described in the definition of Real Estate Documents), (ii) key man life insurance policies consistent with those in place as of the Closing Date, and (iii) (A) all insurance required to be maintained pursuant to the Collateral Documents, and will, upon request of the Administrative Agent, furnish to each Noteholder at reasonable intervals (but in no event more than once per Fiscal Year) a certificate of a Responsible Officer setting forth the nature and extent of all insurance maintained by the Issuer and its Subsidiaries in accordance with this Section and (B) reinsurance of the types and in amounts no less than as required pursuant to Section 7.15(d), and comply with all requirements and covenants set forth in the applicable reinsurance agreements in all material respects, and (c) at all times, subject to Section 5.16(b) shall name the Administrative Agent as additional insured on all liability policies of the Issuer and its Subsidiaries and as loss payee (pursuant to a loss payee endorsement approved by the Administrative Agent) on all casualty and property insurance policies of the Issuer and its Subsidiaries.

Section 5.9. **Use of Proceeds**. The Issuer will use the proceeds of the issuance of the Notes to fund statutory capital requirements and for the general corporate purposes of the Issuer and its Subsidiaries.

Section 5.10. **Casualty and Condemnation**. The Issuer (a) will furnish to the Administrative Agent and the Noteholders prompt written notice of any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any material portion of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Cash Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

Section 5.11. **Cash Management**. Holdings and Issuer shall, and shall cause each of its respective Subsidiaries that are Note Parties to:

(a) Maintain all cash management and treasury business with SunTrust Bank or a Permitted Third Party Bank, including, without limitation, all deposit accounts, disbursement accounts, investment accounts and lockbox accounts (other than (i) zero-balance accounts, (ii) accounts so long as the aggregate balance in all such accounts does not exceed $250,000 at any

time, and (iii) payroll, withholding, trust, escrow, impound and other fiduciary accounts, all of which the Note Parties may maintain without restriction) (each such deposit account, disbursement account, investment account and lockbox account, a "Controlled Account"); each Controlled Account shall be a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations, and in which the Issuer and each of the other Note Parties shall, subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, have granted a first priority Lien to the Administrative Agent, on behalf of the Secured Parties, perfected by Control Account Agreements; provided that (i) the Note Parties shall have 60 days after the Closing Date (or such later date as may be agreed in writing by the Administrative Agent) to obtain a Control Account Agreement over each Controlled Account existing as of the Closing Date (whether by entering into new Control Account Agreements or amending Control Account Agreements that are Term Loan Documents) and (ii) the Note Parties shall have 60 days (or such later date as may be agreed in writing by the Administrative Agent) after the acquisition or opening of a new Controlled Account to obtain a Control Account Agreement over such acquired or new Controlled Account.

(b) deposit promptly, and in any event no later than 10 Business Days after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other Collateral into Controlled Accounts, in each case except for cash and Permitted Investments the aggregate value of which does not exceed $250,000 at any time; and

(c) subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, at any time after the occurrence and during the continuance of an Event of Default, at the request of the Required Noteholders, Holdings and the Issuer will, and will cause each other Note Party to, cause all payments constituting proceeds of accounts or other Collateral to be directed into lockbox accounts under agreements in form and substance reasonably satisfactory to the Administrative Agent.

Section 5.12. **Additional Subsidiaries and Collateral**.

(a) In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary (other than, to the extent not required to become a "Guarantor" (or equivalent term) under the Term Loan Documents and all Pari Lien Debt Documents, (a) any Insurance Subsidiary, (b) any Subsidiary of an Insurance Subsidiary, (c) any other Subsidiary of the Issuer that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, (d) any Foreign Subsidiary or Subsidiary of a Foreign Subsidiary or (e) any FSHCO or Subsidiary of any FSHCO), whether pursuant to formation, acquisition or otherwise, (x) the Issuer shall promptly notify the Administrative Agent and the Noteholders thereof and (y) within 30 days after such Person becomes a Subsidiary (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Issuer shall cause such Subsidiary (i) to become a new Guarantor and to grant Liens in favor of the Administrative Agent in all of its personal property (other than Excluded Property) by executing and delivering to the Administrative Agent a supplement to the Guaranty and Security Agreement in form and substance reasonably satisfactory to the Administrative Agent, executing and delivering a Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, as applicable, and authorizing and delivering, at the request of the

Administrative Agent, such UCC financing statements or similar instruments required by the Administrative Agent to perfect the Liens in favor of the Administrative Agent and granted under any of the Note Documents, (ii) to grant Liens in favor of the Administrative Agent in all interests in Real Estate (other than Excluded Property) to the extent required by Section 5.13 by executing and delivering to the Administrative Agent such Real Estate Documents as the Administrative Agent shall reasonably require, and (iii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches, title insurance policies, surveys, environmental reports and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 3.1 if such Subsidiary had been a Note Party on the Closing Date or that such Subsidiary would be required to deliver pursuant to Section 5.13 with respect to any Real Estate. In addition, within 30 days after the date any Person becomes a direct Subsidiary of a Note Party (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Issuer shall, or shall cause the applicable Note Party to (i) pledge all of the Capital Stock of such Subsidiary directly owned by a Note Party (other than Excluded Property) to the Administrative Agent as security for the Obligations by executing and delivering a supplement to the Guaranty and Security Agreement in form and substance satisfactory to the Administrative Agent and the Required Noteholders, and (ii) subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, deliver the original certificates evidencing such pledged Capital Stock (other than Excluded Property) to the Administrative Agent, together with appropriate powers executed in blank; provided, that if such Person that becomes an Insurance Subsidiary, a Subsidiary of an Insurance Subsidiary or any other Subsidiary of the Issuer that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, this requirement to pledge all of the Capital Stock of such Person shall not apply only to the extent the pledge thereof is (or would be) deemed a change of control of such Person or is (or would be) otherwise prohibited by applicable law or regulations. For the avoidance of doubt, (x) to the extent not required to become a "Guarantor" (or equivalent term) under the Term Loan Documents and all Pari Lien Debt Documents, in no event shall (a) any Insurance Subsidiary, (b) any Subsidiary of an Insurance Subsidiary, (c) any other Subsidiary of the Issuer that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License (it being understood and agreed that until such approval is obtained, such Subsidiary shall not transact any business or hold any material assets), (d) any Foreign Subsidiary or Subsidiary of a Foreign Subsidiary or (e) any FSHCO or Subsidiary of any FSHCO be required to become a Subsidiary Note Party, a Note Party or a Guarantor hereunder; however, for the avoidance of doubt, each Person described in clauses (a) through (e) shall be subject to the applicable covenants contained herein and (y) so long as required under any Term Loan Documents or Pari Lien Debt Documents, subject to Section 5.16(a), the Capital Stock of RRC shall be pledged and perfected under the laws of Cayman Islands (to the extent not prohibited thereunder).

(b) Subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, the Issuer agrees that, following the delivery of any Collateral Documents required to be executed and delivered by this Section, the Administrative Agent shall have a valid and enforceable, first priority perfected Lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such Lien can be perfected by execution, delivery and/or recording of the Collateral Documents or UCC financing statements, or possession of such Collateral), free and clear of all Liens other than Liens expressly permitted by

Section 7.2. All actions to be taken pursuant to this Section shall be at the expense of the Issuer or the applicable Note Party, and shall be taken to the reasonable satisfaction of the Administrative Agent.

Section 5.13. **Additional Real Estate; Leased Locations**.

(a) To the extent otherwise permitted hereunder, if any Note Party proposes to acquire a fee ownership interest in Real Estate with a fair market value in excess of $5,000,000 after the Closing Date, it shall at the time of such acquisition provide to the Administrative Agent Real Estate Documents in regard to such Real Estate.

(b) To the extent otherwise permitted hereunder, if any Note Party proposes to lease any Real Estate, it shall first provide to the Administrative Agent a copy of such lease and a Collateral Access Agreement from the landlord of such leased property or the bailee with respect to any warehouse or other location where such books, records or Collateral will be stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to the Administrative Agent; provided that if such Note Party is unable to deliver any such Collateral Access Agreement after using its commercially reasonable efforts to do so, the Administrative Agent may waive the foregoing requirement in its reasonable discretion.

Section 5.14. **Further Assurances**. Holdings will, and will cause each other Note 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 and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Noteholders may reasonably request, to effectuate the transactions contemplated by the Note Documents or to grant, preserve, protect or perfect the Liens created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Note Parties; provided that in no event shall the Note Parties be required to grant any Lien to secure the Obligations over any Excluded Property. The Issuer also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Required Noteholders as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

Section 5.15. **[Reserved]**

Section 5.16. **Post-Closing Matters**.

(a) Within sixty (60) days after the Closing Date (or such later date as may be agreed in writing (including via email) by the Administrative Agent in its sole discretion), the Issuer shall deliver or cause to be delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, the following in connection with a pledge of the Capital Stock of RRC under the laws of the Cayman Islands:(i) an amendment to the Security Agreement to add an equitable mortgage governed by the laws of the Cayman Islands together with prior approval by the Cayman Islands Monetary Authority, (ii) a customary legal opinion from Cayman counsel, and (iii) the deliverables as set out within the equitable mortgage, including, but not limited to: (a) executed but undated instruments of transfer relating to the Capital Stock of RRC in favor of the Administrative Agent; (b) evidence of an undertaking from RRC to: (x)

register the transfer of the Capital Stock of RRC in favor of the Administrative Agent, (y) make a notation of the security in the register of members of RRC and (z) keep the register of members in the Cayman Islands at all times; (c) a certified copy of the register of members of RRC containing the notation set out in clause (b) immediately above; (d) an executed irrevocable proxy appointing the Administrative Agent (or its nominee) for the purpose of voting the Capital Stock of RRC on or after the occurrence of an Event of Default; (e) a power of attorney executed by the directors of RRC appointing the Administrative Agent as attorney to register the transfer of the Capital Stock of RRC; and (f) the amended memorandum and articles of RRC.

(b) Within forty-five (45) days after the Closing Date (or such later date as may be agreed in writing (including via email) by the Administrative Agent in its sole discretion), the Borrower shall deliver to the Administrative Agent an insurance endorsement naming the Administrative Agent as lender loss payee with respect to the property insurance policy of the Notes Parties, in form and substance reasonably satisfactory to the Administrative Agent and as required pursuant to Section 5.8 of the Note Purchase Agreement.

Section 5.17. **Maintenance of Reinsurance Coverage**. For so long as the Notes are outstanding, each Insurance Subsidiary shall purchase reinsurance only from reinsurers with a minimum financial strength rating (as of the effective date of the relevant reinsurance agreement) of "A-" by A.M. Best Company or a minimum credit rating of "A-" by Standard and Poor's, unless such reinsurance liabilities have been fully collateralized by such reinsurers.

Section 5.18. **Incorporation of Term Loan Agreement and Pari Passu Debt Document Provisions**.

(a) If Holdings or any Subsidiary thereof shall at any time after the Closing Date amend, amend and restate, supplement, modify, renew or refinance the Term Loan Documents as in effect on the Closing Date or be or become a party, as a borrower or guarantor, to any Pari Lien Debt Document that, in either case, (x) matures on or after May 15, 2021 and (y) includes representations and warranties, affirmative covenants, negative covenants, financial covenants, events of defaults or other agreements (each a "Specified Provision" and, collectively, the "Specified Provisions") applicable to Holdings or any Subsidiary that at such time either (i) is not included in this Agreement or (ii) is included in this Agreement but is more restrictive upon Holdings or such Subsidiary than the corresponding Specified Provision included in this Agreement, each such Specified Provision and each event of default, definition and other provision relating to such Specified Provision (solely as used therein) in such Term Loan Document or Pari Lien Debt Document (in each case, as amended or modified from time to time thereafter) shall (together with any grace or cure period applicable to either such Specified Provision or any event of default that arises from a breach of such Specified Provision) automatically be deemed to be incorporated by reference in this Agreement, mutatis mutandis, as if then set forth herein in full and effective as of the date such Specified Provision becomes effective under such Term Loan Document or Pari Lien Debt Document, as applicable.

(b) Promptly and in any event within five Business Days (or such later date as agreed in writing by the Administrative Agent) after the effective date of such amendment, amendment and restatement, supplement, modification, renewal or refinancing of the Term Loan Documents or the Pari Lien Debt Documents, the Issuer will furnish to the Administrative Agent

a copy of the Term Loan Documents or the Pari Lien Debt Documents, as applicable, as so amended, amended and restated, supplemented, modified, renewed or refinanced; and if requested by the Required Noteholders, within 20 days after furnishing such Term Loan Documents or Pari Lien Debt Documents, as applicable, the Note Parties will execute and deliver to the Administrative Agent an instrument amending this Agreement to, as applicable, either (i) incorporate the full text of such Specified Provision and the related events of default, definitions and other provisions as used therein or (ii) modify the corresponding Specified Provision included in this Agreement to incorporate the terms of the more restrictive Specified Provision and add and/or modify any related events of default, definitions and other provisions as used therein, as necessary.

(c) The incorporation of any such Specified Provision and other provisions and the amendment of this Agreement as aforesaid in respect of the Term Loan Documents or Pari Lien Debt Documents shall automatically (without any action being taken by any Note Party, the Administrative Agent or any Noteholder) take effect simultaneously with the effectiveness of such Pari Lien Debt Document (or the amendment or modification of the Pari Lien Debt Document giving rise to such incorporation) or amendment, amendment and restatement, modification, supplemental, renewal or refinancing of the Term Loan Documents.

(d) In furtherance of the foregoing, for the avoidance of doubt, any incorporation by reference into this Agreement of a Specified Provision contained in any Term Loan Document or Pari Lien Debt Document as contemplated by this Section 5.18 (including any permanent written amendment or modification of a Specified Provision) shall have no impact on (i) the continuing effectiveness of any similar provision (including any financial covenant) contained or incorporated in this Agreement at the effective time of such incorporation by reference and (ii) the rights, duties or obligations of the Administrative Agent unless consented to in writing by the Administrative Agent.

ARTICLE VI.

FINANCIAL COVENANTS

Until all Obligations (other than contingent obligations as to which no claim exists or has been asserted) have been paid in full, Holdings and the Issuer covenant and agree with the Administrative Agent and the Noteholders to:

Section 6.1. **Minimum Risk-Based Capital Ratio**.

(a) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of Root Insurance Company, as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019), of no less than the greater of (i) the highest Risk-Based Capital Ratio required by (x) the Insurance Regulatory Authority of the State of Ohio (or in the event Root Insurance Company redomiciles in any other state, then the applicable state Insurance Regulatory Authority that regulates Root Insurance Company in such other state of domicile), or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to Root Insurance Company (whether or not Root Insurance Company is a party thereto) and (ii) 2.50 to 1.00.

(b) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of each U.S. Insurance Subsidiary (other than Root Insurance Company), as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019), of no less than the greater of (i) the highest Risk-Based Capital Ratio required by (x) the applicable Insurance Regulatory Authority that regulates such U.S. Insurance Subsidiary in its state of domicile, or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to such U.S. Insurance Subsidiary (whether or not such U.S. Insurance Subsidiary is a party thereto) and (ii) 2.50 to 1.00.

Section 6.2. **Maximum Direct Combined Ratio**. Not permit the Direct Combined Ratio of the U.S. Insurance Subsidiaries, as of the last day of each Fiscal Quarter (beginning with the Fiscal Quarter ending December 31, 2019), to exceed the following ratios (expressed as a percentage) corresponding to each such Fiscal Quarter end:

Fiscal Quarter End	Maximum Direct Combined Ratio
December 31, 2019	153.2%
March 31, 2020	140.7%
June 30, 2020	133.6%
September 30, 2020	127.6%
December 31, 2020	123.8%
March 31, 2021	120.9%
June 30, 2021	118.5%
September 30, 2021	114.0%
December 31, 2021	110.0%
March 31, 2022	110.0%
June 30, 2022	110.0%
September 30, 2022	110.0%
December 31, 2022	110.0%
March 31, 2023	110.0%
June 30, 2023	110.0%
September 30, 2023	110.0%
December 31, 2023	110.0%
March 31, 2024	110.0%
June 30, 2024	110.0%
September 30, 2024	110.0%

Section 6.3. **Minimum Statutory Surplus**. Not permit the U.S. Insurance Subsidiaries (on an aggregate basis) to have a Statutory Surplus as of the last day of any Fiscal Month (beginning with the Fiscal Month ending November 30, 2019) of less than the greater of (i) $100,000,000, and (ii) the aggregate Statutory Surplus which the U.S. Insurance Subsidiaries are required to have or maintain, or have otherwise agreed to have or maintain, pursuant to the requirements of any Insurance Regulatory Authority or any instrument, Guarantee or other agreement applicable to the U.S. Insurance Subsidiaries (whether or not any such U.S. Insurance Subsidiary is a party thereto).

Section 6.4. **Minimum Surplus and Liquidity**. Not permit the Surplus and Liquidity Amount plus RRC Equity as of the last day of any Fiscal Month to be less than the Minimum Surplus and Liquidity Level.

Section 6.5. **Minimum Liquidity**. Not permit Liquidity at any time to be less than $25,000,000.

Section 6.6. **Maximum Leverage Ratio**. Not permit the Leverage Ratio as of the Test Date (beginning with the Fiscal Month ending November 30, 2019), to be greater than 8.00 to 1.00 (unless otherwise agreed in writing by the Administrative Agent and the Required Noteholders and not prohibited by applicable law or the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile).

Section 6.7. **Maximum Indebtedness**. Not permit the Indebtedness of Holdings and its Subsidiaries on a consolidated basis at any time to exceed $350,000,000.

ARTICLE VII.

NEGATIVE COVENANTS

Until all Obligations (other than contingent obligations as to which no claim exists or has been asserted) have been paid in full, Holdings and the Issuer covenant and agree with the Administrative Agent and the Noteholders that:

Section 7.1. **Indebtedness**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) (i) Indebtedness created pursuant to the Note Documents and (ii) Indebtedness incurred pursuant to the Term Loan Agreement (including under Section 2.18 of the Term Loan Agreement) and other Term Loan Documents in an amount not to exceed $150,000,000 at any one time outstanding, and any Permitted Refinancing thereof;

(b) Indebtedness of the Issuer and its Subsidiaries existing on the date hereof and set forth on Schedule 7.1 and Permitted Refinancings thereof;

(c) (i) Indebtedness of the Issuer or any of its Subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof (provided that such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvements), and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof; provided that the aggregate principal amount of such Indebtedness does not exceed $5,000,000 at any time outstanding (provided, however, that the aggregate principal amount of such Indebtedness incurred by Insurance Subsidiaries and Subsidiaries of an Insurance Subsidiary shall not exceed $2,500,000 at any time outstanding) and (ii) Permitted Refinancings thereof;

(d) Indebtedness of the Issuer owing to Holdings or any Subsidiary and of any Subsidiary owing to Holdings, the Issuer or any other Subsidiary; provided that any such Indebtedness that is owed by or to a Subsidiary that is not a Subsidiary Note Party shall only be permitted to be incurred in accordance with Section 7.4;

(e) Guarantees by Holdings, the Issuer or any Subsidiary of Indebtedness of Holdings, the Issuer or any other Subsidiary, in each case, in the ordinary course of business; provided that Guarantees by any Note Party of Indebtedness of any Subsidiary that is not a Subsidiary Note Party shall only be permitted to be incurred in accordance with Section 7.4;

(f) (A) Indebtedness of any Person which becomes a Subsidiary (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) after the date of this Agreement; provided that (i) such Indebtedness exists at the time that such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary, and (ii) the aggregate principal amount of such Indebtedness permitted hereunder shall not exceed $3,000,000 at any time outstanding and (B) Permitted Refinancings thereof;

(g) Hedging Obligations permitted by Section 7.10;

(h) Indebtedness of the Issuer or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in respect of letters of credit entered into in the ordinary course of business, in an aggregate face amount not to exceed $1,000,000 at any time outstanding;

(i) (i) Bank Product Obligations (as defined in the Term Loan Agreement) in an amount at any time outstanding not to exceed $4,000,000 and (ii) other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, treasury, depository, cash management and similar arrangements in each case in connection with deposit accounts incurred in the ordinary course;

(j) to the extent constituting Indebtedness, obligations owed by any Subsidiary of Holdings to a Note Party under the Agency Agreement and the Third Party Administrator Agreement;

(k) Pari Lien Debt up to an amount such that, after giving effect to the incurrence of such Pari Lien Debt the total Indebtedness of Holdings and its Subsidiaries outstanding on a consolidated basis does not exceed $350,000,000 and any Permitted Refinancing thereof; provided, that, such Indebtedness shall not be permitted under this clause (k) unless the Required Additional Debt Terms are satisfied;

(l) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business or arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(m) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case

incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(n) Indebtedness consisting of financing of insurance premiums in the ordinary course of business;

(o) customer advances or deposits received in the ordinary course of business;

(p) (i) Indebtedness in an aggregate principal amount not to exceed $100,000,000; provided, that, such Indebtedness shall not be permitted hereunder unless such Indebtedness is subordinated to the Obligations and all of the terms, conditions and provisions (including, without limitation, the subordination and intercreditor provisions) of the documents evidencing such Indebtedness are consented and agreed to in writing by each of the Issuer, Holdings, the Administrative Agent and the Required Noteholders (it being understood and agreed that such consent on the part of the Administrative Agent and/or the Required Noteholders may be conditioned upon, among other things, amendments or other modifications to the terms and provisions of this Agreement and the other Note Documents) and (ii) Permitted Refinancings thereof; and

(q) (i) other Indebtedness of Note Parties in an aggregate principal amount not to exceed $15,000,000 at any time outstanding (which may include, for the avoidance of doubt, unsecured Indebtedness consisting of contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) and (ii) Permitted Refinancings thereof.

Section 7.2. **Liens**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(a) Liens (i) securing the Obligations and (ii) Liens securing Obligations (as defined in the Term Loan Agreement) under the Term Loan Agreement and the other Term Loan Documents and any Permitted Refinancing thereof; provided that in the case of Liens securing Indebtedness under the Term Loan Agreement or any Permitted Refinancing thereof, the Term Loan Agent (or administrative agent or collateral agent for any Permitted Refinancing thereof) and the Administrative Agent shall have entered into (x) the Intercreditor Agreement or (y) if the Term Loan Agreement or any such Permitted Refinancing thereof matures on or after May 15, 2021, a Market Intercreditor Agreement;

(b) Permitted Encumbrances and licenses permitted under this Agreement;

(c) Liens on any property or asset of the Issuer or any of its Subsidiaries existing on the date hereof and set forth on Schedule 7.2; provided that such Liens shall not apply to any other property or asset of Holdings or any Subsidiary;

(d) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease

Obligations); provided that (i) such Lien secures Indebtedness permitted by Section 7.1(c), (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) such Lien does not extend to any other asset other than accessions to such asset and reasonable extensions of such asset (and provided that such obligations owed to a single lender may be cross-collateralized), and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) any Lien (x) existing on any asset of any Person at the time such Person becomes a Subsidiary of the Issuer, (y) existing on any asset of any Person at the time such Person is merged with or into the Issuer or any of its Subsidiaries, or (z) existing on any asset prior to the acquisition thereof by the Issuer or any of its Subsidiaries; provided that (i) any such Lien was not created in the contemplation of any of the foregoing and (ii) any such Lien secures only those obligations which it secures on the date that such Person becomes a Subsidiary or the date of such merger or the date of such acquisition;

(f) Liens on assets of any Insurance Subsidiary securing obligations under transactions entered into in connection with Investments permitted by the terms hereof in an aggregate amount not to exceed, at any time, $5,000,000;

(g) Liens consisting of deposit of cash or other assets of an Insurance Subsidiary and the Subsidiaries of an Insurance Subsidiary as required by Governmental Authorities;

(h) Liens securing the Pari Lien Debt so long as such Liens are governed by and subject to the Pari Lien Debt Documents;

(i) Liens securing other obligations in an aggregate amount not to exceed $2,000,000 at any time outstanding; and

(j) Extensions, renewals, or replacements of any Lien referred to in subsections (b) through (h) of this Section; provided that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby.

Section 7.3. **Fundamental Changes**.

(a) Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided that if, at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, (i) the Issuer or any Subsidiary may merge with a Person if the Issuer (or such Subsidiary if the Issuer is not a party to such merger) is the surviving Person; provided that a Subsidiary Note Party shall be the surviving Person in a merger between a Subsidiary Note Party and a Subsidiary that is not a Subsidiary Note Party, (ii) any Subsidiary may

merge into another Subsidiary, provided that if any party to such merger is a Subsidiary Note Party, the Subsidiary Note Party shall be the surviving Person, (iii) any Subsidiary may sell, transfer, lease, dissolve into or otherwise dispose of all or substantially all of its assets to the Issuer or to a Subsidiary Note Party and (iv) any Subsidiary (other than a Subsidiary Note Party) may liquidate or dissolve if the Issuer determines in good faith that such liquidation or dissolution is in the best interests of the Issuer and is not materially disadvantageous to the Noteholders; provided, further, that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 7.4.

(b) The Issuer will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Issuer and its Subsidiaries on the Closing Date and businesses reasonably related or ancillary thereto and reasonable extensions thereof.

Section 7.4. **Investments, Loans**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, purchase or acquire (including pursuant to any merger with any Person or entity) any Capital Stock, loan or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in or make any other investment in (including capital contributions in or to), any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of a Person, or any assets of any other Person that constitute a business unit or division of any other Person, or create or form any Subsidiary, or enter into any other arrangement pursuant to which any Note Party conveys, sells, leases, assigns, transfers or otherwise disposes of any of its assets, business or property to any Subsidiary that is not a Subsidiary Note Party (all of the foregoing being collectively called "Investments"), except:

(a) Investments (other than Permitted Investments) existing on the date hereof and set forth on Schedule 7.4 (including Investments in Subsidiaries);

(b) Permitted Investments;

(c) Guarantees by Holdings, the Issuer and its Subsidiaries constituting Indebtedness permitted by Section 7.1; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Subsidiary Note Parties that is Guaranteed by any Note Party shall be subject to the limitation set forth in subsection (d) of this Section;

(d) Investments made by Holdings in or to the Issuer or by Holdings or the Issuer in or to any Subsidiary and by any Subsidiary in or to the Issuer or in or to another Subsidiary; provided that the aggregate amount of Investments by the Note Parties in or to, and Guarantees by the Note Parties of Indebtedness of, any Subsidiary that is not a Subsidiary Note Party (including all such Investments and Guarantees existing on the Closing Date) shall not exceed $5,000,000 at any time outstanding;

(e) Investments consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; provided that the

aggregate amount of all such loans and advances (excluding any such loans and advances outstanding on the Closing Date) does not exceed $500,000 at any time outstanding;

(f) Hedging Transactions permitted by Section 7.10;

(g) other Investments made by a Note Party to an Insurance Subsidiary so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Issuer is in pro forma compliance with each of the financial covenants set forth in Section 6.1, Section 6.2, Section 6.3 and Section 6.4 immediately after giving effect to such Investment, in each case, calculated on a *pro forma* basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c);

(h) Permitted Acquisitions;

(i) Investments consisting of (i) pledges, advance deposits and prepaid expenses or royalties and (ii) extensions of credit to the customers of the Issuer or of any of its Subsidiaries in the nature of accounts receivable, prepaid royalties, or notes receivable, arising from the grant of trade credit or business of the Issuer or such Subsidiary, in each case in this clause (i), in the ordinary course of business;

(j) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(k) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(l) advances, or indebtedness arising from cash management, tax and/or accounting operations made in the ordinary course of business;

(m) joint ventures or strategic alliances consisting of the licensing of technology permitted under this Agreement, the development of technology or the providing of technical support; provided that any such Investments do not in the aggregate have a fair market value (determined in each case at the time such Investment is made) in excess of $5,000,000 during the term of this Agreement;

(n) Investments in non-wholly-owned Subsidiaries in an aggregate amount not to exceed $5,000,000 at any time outstanding;

(o) Investments in RRC in an aggregate amount not to exceed $150,000,000 so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Issuer is in pro forma compliance with each of the financial covenants set forth in Section 6.1, Section 6.2, Section 6.3 and Section 6.4 immediately after giving effect to such Investment, in each case, calculated on a *pro forma* basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c); and

(p) other Investments which in the aggregate do not exceed $10,000,000 during the term of this Agreement.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.4, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

Section 7.5. **Restricted Payments**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) Restricted Payments made by any Subsidiary to the Issuer or to any other Subsidiary (including, for the avoidance of doubt, from any Insurance Subsidiary to the Issuer);

(b) Restricted Payments made by the Issuer and its Subsidiaries to Holdings, and by Holdings to its direct or indirect parents, in an aggregate amount not to exceed $3,000,000 in any Fiscal Year to the extent necessary to permit Holdings and its direct and indirect parents to pay general administrative costs and expenses (including administrative, legal, accounting and similar costs and expenses provided by third parties, customary salary, commissions, bonus and other benefits payable to officers and employees of Holdings (or any direct or indirect parent of Holdings) and directors fees and director and officer indemnification obligations) incurred in the ordinary course of business and then due and payable (solely as such costs and expenses relate to the business of the Issuer and its Subsidiaries or Holdings' ownership thereof);

(c) Holdings and the Issuer may repurchase the stock of former employees, directors, officers or consultants pursuant to stock repurchase agreements in the ordinary course of business and in accordance with Holdings' stock purchase plan, so long as (A) no Default or Event of Default exists at the time of such repurchase and would not exist after giving effect to such repurchase, (B) the aggregate amount repurchased in any calendar year does not exceed $1,000,000 and (C) the aggregate amount repurchased during the term of this Agreement does not exceed $3,000,000;

(d) Holdings and the Issuer may repurchase, retire or otherwise acquire Capital Stock of Holdings solely in exchange for, or solely out of the proceeds of the substantially concurrent sale of, Qualified Capital Stock of Holdings;

(e) Restricted Payments made on or prior to the date that is 12 months following any issuance by Holdings after the Closing Date of Qualified Capital Stock, so long as (A) the net cash proceeds of such issuance (or series of related issuances) is equal to or greater than $150,000,000, (B) the aggregate amount of Restricted Payments made during such 12-month period does not exceed $15,000,000 and (C) the aggregate amount of Restricted Payments made pursuant to this clause (e) in any calendar year does not exceed $15,000,000; and

(f) if, for any taxable period, the Issuer is a member of a group filing a consolidated, unitary or combined tax return of which Holdings is the common parent (a "Tax Group"), an amount equal to income Taxes for such taxable period then due and payable pursuant to such returns and attributable to the taxable income of Issuer and the Subsidiary Note Parties that

are members of such group and, to the extent of the cash amount actually received by the Issuer or any Subsidiary Note Party from any Subsidiary that is not a Subsidiary Note Party (a "Non-Guarantor Subsidiary") for the payment of income taxes, an amount equal to the income Taxes for such taxable period then due and payable and attributable to the taxable income of such Non-Guarantor Subsidiary, provided that, for each taxable period, payment for such amounts shall not exceed the lesser of (A) the amount of any such Taxes that the Issuer and the Subsidiary Note Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) that are members of such group would have been required to pay for such taxable period on a separate group basis if the Issuer and the Subsidiary Note Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and the Subsidiary Note Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) or (B) the actual tax liability of the Tax Group for such taxable period.

Section 7.6. **Sale of Assets**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of any of its assets, business or property or, in the case of any Subsidiary, any shares of such Subsidiary's Capital Stock, in each case whether now owned or hereafter acquired, to any Person other than the Issuer or a Subsidiary Note Party (or to qualify directors if required by applicable law), except:

(a) the sale or other disposition of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business;

(b) the sale of inventory and Permitted Investments in the ordinary course of business;

(c) the sale or other disposition of Investments (i) by Insurance Subsidiaries and their Subsidiaries (other than the Capital Stock of Insurance Subsidiaries and their Subsidiaries) and (ii) by the Issuer and its Subsidiaries (other than the Capital Stock of Subsidiaries of Holdings) permitted under this Agreement, in each case, (A) in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Issuer or such Subsidiary, as the case may be or (B) required by Insurance Regulatory Authorities;

(d) any sale or other disposition pursuant to a reinsurance agreement so long as such disposition or other disposition is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice;

(e) non-exclusive licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S. not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(f) leases, subleases, licenses, or sublicenses of real or personal property (other than Intellectual Property) granted by the Issuer or any of its Subsidiaries to others, in each case,

in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(g) (i) surrender or waiver of contractual rights or the settlement or waiver of contractual or litigation claims in the ordinary course of business in each case as may be approved by the board of directors of Holdings or the Issuer or the applicable Subsidiary in good faith; and (ii) the sale, license or other transfer of Intellectual Property in connection with the settlement or waiver of contractual or litigation claims in respect of the Intellectual Property; provided that such sale, license or transfer does not materially interfere with the business of the Issuer and its Subsidiaries, taken as a whole;

(h) termination of licenses, leases, and other contractual rights in the ordinary course of business, which does not materially interfere with the conduct of business of the Issuer and its Subsidiaries and is not disadvantageous to the rights or remedies of the Noteholders;

(i) sales, leases, assignments, dispositions and transfers constituting Liens permitted under Section 7.2, Investments permitted under Section 7.4 or Restricted Payments permitted under Section 7.5; and

(j) the sale or other disposition of such assets in an aggregate amount (based on the fair market value of such assets) not to exceed $500,000 in any Fiscal Year (but excluding the sale of any Capital Stock of any Subsidiary of Holdings).

Section 7.7. **Transactions with Affiliates**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) at prices and on terms and conditions, taken as a whole, not less favorable to Holdings or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(b) employment and severance arrangements between Holdings or any of its Subsidiaries and their respective officers, directors and employees in the ordinary course of business and transactions pursuant to equity incentive plans and employee benefit plans and arrangements (provided that this clause (b) shall not be deemed to permit any Restricted Payments of the type set forth in Section 7.5(c) to the extent not permitted thereunder);

(c) transactions between or among the Note Parties and their Subsidiaries;

(d) any Restricted Payment permitted by Section 7.5 and any Investment permitted by Section 7.4; and

(e) performing under the Agency Agreement or Third Party Administrator Agreement.

Section 7.8. **Restrictive Agreements**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, enter into, incur or permit to

exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any of its Subsidiaries to create, incur or permit any Lien to secure the Obligations upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiaries of the Issuer to pay dividends or other distributions with respect to its Capital Stock, to make or repay loans or advances to the Issuer, to Guarantee the Obligations or to transfer any of its property or assets to the Issuer; provided that (i) the foregoing clauses (a) and (b) shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Note Document, (ii) the foregoing clause (b) shall not apply to restrictions or conditions imposed by any Pari Lien Debt Document or Term Loan Document or any document governing any Permitted Refinancing thereof, (iii) the foregoing clauses (a) and (b) shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary (or any assets thereof) pending such sale, provided such restrictions and conditions apply only to the Subsidiary (or any assets thereof) that is sold and such sale is permitted hereunder, (iv) the foregoing clauses (a) and (b) (but, with respect to clause (b), only to the extent that any imposed transfer restrictions or conditions apply only to property or assets that are subject to Capital Lease Obligations or obligations incurred in connection with purchase money Indebtedness) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness and the obligors of such Indebtedness, (v) the foregoing clauses (a) and (b) shall not apply to customary provisions in leases, licenses and contracts restricting the assignment of any such lease, license and/or contract and (vi) the foregoing clause (b) shall not apply to customary restrictions on transfers of Capital Stock in a joint venture to the extent expressly permitted by clause (x) of the definition of Permitted Encumbrance (but for the avoidance of doubt, there shall be no restriction on the ability of Holdings or any of its Subsidiaries to pledge Capital Stock in a joint venture to secure the Obligations).

Section 7.9. **Sale and Leaseback Transactions**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (each, a "Sale/Leaseback Transaction").

Section 7.10. **Hedging Transactions**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which Holdings, the Issuer or any of their respective Subsidiaries is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, Holdings and the Issuer acknowledge that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which Holdings, the Issuer or any of their respective Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any Capital Stock or any Indebtedness or (ii) as a result of changes in the market value of any Capital Stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.11. **Amendment to Material Documents**. Other than to the extent expressly required by any Insurance Regulatory Authority with respect to any Insurance Subsidiary or Subsidiary thereof, Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, amend, modify or waive any of its rights under (a) its certificate of incorporation, bylaws or other organizational documents or (b) any Material Agreements, except in any manner that would not have an adverse effect on the Noteholders or the Administrative Agent in any material respect (or in the case of any Term Loan Document or Pari Lien Debt Document (or in each case any document governing any Permitted Refinancing thereof) as permitted by the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement).

Section 7.12. **Activities of Holdings**. Notwithstanding anything to the contrary contained herein, Holdings shall not engage in any business or other activity other than (a) maintaining its existence, including (i) participating in tax, accounting and other administrative matters, (ii) filing Tax returns and reports and paying Taxes and other customary obligations related thereto in the ordinary course (and contesting any Taxes in good faith, if applicable), (iii) holding director and member meetings, preparing organizational records and other organizational activities required to maintain its separate organizational structure and (iv) complying with applicable law, and activities incidental to the foregoing, (b) holding and maintaining its interest in the Capital Stock of, and making Investments in, the Issuer, (c) performing its Obligations under this Agreement and the other Note Documents and other Indebtedness and Guarantees permitted hereunder (including Guarantees of the Pari Lien Debt and obligations under the Term Loan Documents and any Permitted Refinancing thereof), and actions incidental thereto, including the granting of Liens permitted hereby, (d) issuing its own Qualified Capital Stock; (e) preparing reports to Governmental Authorities and to its shareholders, (f) holding cash and Permitted Investments and other assets received in connection with Restricted Payments received from, or Investments made by the Issuer to the extent permitted hereby; (g) providing indemnification for its current or former officers, directors, members of management, managers, employees and advisors or consultants; (h) performing its obligations under the transactions with respect to Holdings that are otherwise specifically permitted or expressly contemplated by Article VII; (i) the maintenance and administration of equity option and equity ownership plans and activities incidental thereto; and (j) performing activities incidental to any of the foregoing.

Section 7.13. **Accounting Changes**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP (or SAP), or change the Fiscal Year of Holdings or the fiscal year of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of Holdings.

Section 7.14. **Underwriting Risks**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, undertake any underwriting risk inconsistent with their historical and customary practices in the ordinary course of business (it being understood and agreed that this Section 7.14 shall not prohibit Holdings and its Subsidiaries from entering into additional lines of property and casualty insurance business or additional geographic markets).

Section 7.15. **Insurance Subsidiaries**. Notwithstanding anything herein to the contrary, without the prior written consent of the Required Noteholders, Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries (including, for the avoidance of doubt,

Insurance Subsidiaries) to, permit: (a) a material change in the nature of the businesses that Root Insurance Company conducts or is otherwise engaged in as of the Closing Date (it being understood and agreed that this Section 7.15 shall not prohibit Holdings and its Subsidiaries from entering into additional lines of property and casualty insurance business or additional geographic markets); (b) the discounting (except for prompt payment discounts) or sale by any of the Insurance Subsidiaries of any of their notes or accounts receivable, other than in connection with the collection, settlement or compromise thereof in the ordinary course of business; (c) any one or more material Insurance Licenses of any of the Insurance Subsidiaries to be suspended, limited or terminated or not be renewed; and (d) the failure by the Issuer and its Subsidiaries to maintain (i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 and (ii) catastrophe reinsurance that permits the ability to cede losses in excess of an amount no greater than 1.65% of Direct Earned Premium as of the most recent Test Date for which financial statements are required to have been delivered pursuant to Section 5.1; provided, that with respect to any reinsurance company Subsidiary, such reinsurance company Subsidiary shall be permitted to maintain its own reinsurance arrangements or otherwise limit such exposure by virtue of its relationship with other Insurance Subsidiaries' other reinsurance contracts, in each case, so long as such reinsurance arrangements or other limitation on exposure is in form and substance reasonably acceptable to the Administrative Agent.

Section 7.16. **Sanctions and Anti-Corruption Laws**. Holdings and the Issuer will not, and will not permit any Subsidiary to, directly or indirectly, use the proceeds from the sale of any Note, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Notes, whether as the Administrative Agent, any Noteholder, underwriter, advisor, investor or otherwise), or (iii) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money or anything else of value to any Person in violation of applicable Anti-Corruption Laws.

Section 7.17. **Other Liens and Guarantees**. Notwithstanding anything to the contrary in this Agreement or any other Note Document, Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, (i) create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, in each case, securing any Indebtedness incurred pursuant to Section 7.1(a)(ii) or Section 7.1(k), unless the Notes are secured by a valid and enforceable, first priority perfected Lien on such assets or property (subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement) or (ii) Guarantee any Indebtedness incurred pursuant to Section 7.1(a)(ii) or Section 7.1(k) unless the Notes are Guaranteed on a pari passu basis with such Guarantee.

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.1. **Events of Default**. If any of the following events (each, an "Event of Default") shall occur:

(a) the Issuer shall fail to pay any principal of any Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Issuer shall fail to pay any interest on any Note or any fee or any other amount (other than an amount payable under subsection (a) of this Section) payable under this Agreement or any other Note Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Issuer or any of their Subsidiaries in or in connection with this Agreement or any other Note Document (including the Schedules attached hereto and thereto), or in any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Noteholders by any Note Party or any representative of any Note Party pursuant to or in connection with this Agreement or any other Note Document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted; or

(d) (i) Holdings or the Issuer shall fail to observe or perform any covenant or agreement contained in Section 5.1(a), (b), (c) or (d), 5.2(a)(i), 5.3 (with respect to legal existence), 5.8(b)(iii)(B), 5.18 or Article VI or VII or (ii) Holdings or the Issuer shall fail to observe or perform the covenant contained in Section 5.2(a)(v), and such failure shall remain unremedied for 10 Business Days after any officer of the Issuer becomes aware of such failure; or

(e) any Note Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in subsections (a), (b) and (d) of this Section) or any other Note Document, and such failure shall remain unremedied for 30 days after the earlier of (i) any officer of the Issuer becomes aware of such failure, or (ii) notice thereof shall have been given to the Issuer by the Administrative Agent or any Noteholder; or

(f) (i) (A) Holdings, the Issuer or any of their respective Subsidiaries (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any Material Indebtedness (other than any Hedging Obligation) that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or (B) any other event shall occur or condition shall exist under the Term Loan Documents, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of the Indebtedness thereunder (provided that this clause (B) shall apply only prior to any amendment, restatement, modification, supplement, refinancing or replacement of that certain Amended and Restated Term Loan Agreement, dated as of November 25, 2019, by and among the Issuer, in its capacity as the borrower thereunder, the several banks and other financial institutions as lenders from time to time party thereto and the Term Loan Agent, which extends the stated maturity thereof to a date later than October 16, 2020); or (C) any other event shall occur or condition shall exist under any agreement or instrument relating to any Material Indebtedness and

shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or (D) any Material Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof in each case, excluding any prepayment or redemption requirements in connection with an asset sale or disposition permitted under Section 7.6 of assets that secure Material Indebtedness (to the extent that the Material Indebtedness being required to be prepaid or redeemed secures only the assets that were sold) or (ii) there occurs under any Hedging Transaction an Early Termination Date (as defined in such Hedging Transaction) resulting from (A) any event of default under such Hedging Transaction as to which Holdings or any of its Subsidiaries is the Defaulting Party (as defined in such Hedging Transaction) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount or (B) any Termination Event (as so defined) under such Hedging Transaction as to which Holdings or any Subsidiary is an Affected Party (as so defined) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount and is not paid; or

(g) Holdings, the Issuer or any of their respective Subsidiaries shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in subsection (i) of this clause (g), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any of its Subsidiaries or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any of its Subsidiaries or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the provisions of the Intercreditor Agreement or, after the effectiveness thereof, any Market Intercreditor Agreement or any subordination agreement between the Administrative Agent and the collateral agent for any Pari Lien Debt cease to be effective or cease to be legally valid, binding and enforceable against the Persons party thereto, except in accordance with its terms; or

(j) Holdings, the Issuer or any of their respective Subsidiaries shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(k) (i) an ERISA Event shall have occurred that, in the opinion of the Required Noteholder, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to Holdings, the Issuer and any of their respective Subsidiaries in an aggregate amount exceeding $3,000,000, (ii) there is or arises an Unfunded Pension Liability (not taking into account Plans with negative Unfunded Pension Liability) in an aggregate amount exceeding $3,000,000, or (iii) there is or arises any potential Withdrawal Liability in an aggregate amount exceeding $3,000,000; or

(l) any judgment, order for the payment of money, writ, warrant of attachment or similar process involving an amount (to the extent not paid or covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $3,000,000 in the aggregate shall be rendered against Holdings or any of its Subsidiaries, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) any non-monetary judgment or order shall be rendered against Holdings or any of its Subsidiaries that could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) (i) the termination (without a substantially similar replacement as reasonably determined by the Required Noteholders) of the Agency Agreement or (ii) a decrease in rates charged under the Agency Agreement of more than 5.0% in any Fiscal Quarter or more than 7.5% in the aggregate during the term of this Agreement, or any other change to the Agency Agreement that is adverse to the interests of the Noteholders;

(o) any court, Governmental Authority, including any Insurance Regulatory Authority, shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the property of Holdings, the Issuer or any of their respective Subsidiaries which, when taken together with all other property of Holdings, the Issuer and their respective Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, exceeds $3,000,000, in each case, except to the extent Holdings, the Issuer or any of their respective Subsidiaries receive fair compensation in respect of such condemnation, seizure or appropriation and the net cash proceeds thereof are applied in accordance with Section 2.7(b); or

(p) any one or more licenses, permits, accreditations or authorizations of Holdings, the Issuer or any of their respective Subsidiaries, including any Insurance License with respect to any Insurance Subsidiary, shall be suspended, limited, modified or terminated or shall not be renewed, and such suspension, limitation, modification, termination or non-renewal would reasonably be expected to result in a Material Adverse Effect, or any other action shall be taken,

by any Governmental Authority in response to any alleged failure by Holdings, the Issuer or any of their respective Subsidiaries to be in compliance with applicable law, and such action, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect;

(q) a Change in Control shall occur or exist; or

(r) any provision of the Guaranty and Security Agreement or any other Collateral Document shall for any reason cease to be valid and binding on, or enforceable against, any Note Party, or any Note Party shall so state in writing, or any Note Party shall seek to terminate its obligation under the Guaranty and Security Agreement or any other Collateral Document (other than the release of any guaranty or collateral to the extent permitted pursuant to Section 9.11); or

(s) any Lien purported to be created under any Collateral Document shall fail or cease to be, or shall be asserted by any Note Party not to be, a valid and perfected Lien on any Collateral, with the priority, subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, required by the applicable Collateral Documents (other than as a result of the failure by the Administrative Agent to take any action solely within its control);

then, and in every such event (other than an event described in subsection (g) or (h) of this Section) and at any time thereafter during the continuance of such event, subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, the Administrative Agent may, and upon the written request of the Required Noteholders shall, by notice to the Issuer, take any or all of the following actions, at the same or different times: (i) declare the principal of and any accrued interest on the Notes, together with the Prepayment Premium (if applicable), and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Issuer, (ii) exercise all remedies contained in any other Note Document, and (iii) exercise any other remedies available at law or in equity; provided that, if an Event of Default specified in either subsection (g) or (h) shall occur, the principal of the Notes then outstanding, together with accrued interest thereon, the Prepayment Premium (if applicable) and all other fees and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Note Parties.

Section 8.2. **Application of Proceeds from Collateral**. Subject to the Intercreditor Agreement and/or any applicable Market Intercreditor Agreement, all proceeds from each sale of, or other realization upon, all or any part of the Collateral by any Secured Party after an Event of Default arises shall be applied as follows:

(a) first, to the reimbursable expenses of the Administrative Agent incurred in connection with such sale or other realization upon the Collateral, until the same shall have been paid in full;

(b) second, to the fees, indemnities and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Note Documents, until the same shall have been paid in full;

(c) third, to all reimbursable expenses, if any, of the Noteholders then due and payable pursuant to any of the Note Documents, until the same shall have been paid in full;

(d) fourth, to the fees, Prepayment Premium (if any) and interest then due and payable under the terms of this Agreement, until the same shall have been paid in full; provided, that amounts under this clause "fourth" shall be applied to the Prepayment Premium (if any) prior to application to any fees or interest;

(e) fifth, to the aggregate outstanding principal amount of the Notes, until the same shall have been paid in full, allocated *pro rata* among the Noteholders based on their respective *pro rata* shares of the aggregate amount of such Notes; and

(f) sixth, to the extent any proceeds remain, to the Issuer or as otherwise provided by a court of competent jurisdiction.

All amounts allocated pursuant to the foregoing clauses third through fifth to the Noteholders as a result of amounts owed to the Noteholders under the Note Documents shall be allocated among, and distributed to, the Noteholders *pro rata* based on their respective Pro Rata Shares.

ARTICLE IX.

THE ADMINISTRATIVE AGENT

Section 9.1. **Appointment of the Administrative Agent**.

(a) Each Noteholder irrevocably appoints Wilmington Trust as the Administrative Agent hereunder and under the other Note Documents and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Note Documents, together with all such actions and powers that are reasonably incidental thereto. Without limiting the generality of the foregoing, the Administrative Agent is hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Note Documents.

(b) The Administrative Agent may perform any of its duties hereunder or under the other Note Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent, attorney-in-fact or Related Party and shall apply to their respective activities in connection with the preparation and negotiation of this Agreement and the other Note Documents, as well as activities as the Administrative Agent.

(c) It is understood and agreed that the use of the term "agent" herein or in any other Note Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency

doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties. The Administrative Agent shall not act as, or be deemed to act as, transfer agent or registrar under Article 8 of the UCC or Section 17A(c) of the Exchange Act hereunder or under any other Note Document.

Section 9.2. **Nature of Duties of the Administrative Agent**. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Note Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers or make any determination hereunder, unless the Administrative Agent is acting at the written direction of the Required Noteholders (or such other number or percentage of the Noteholders as shall be necessary under the circumstances as provided for herein or in the other Note Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Note Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and (c) except as expressly set forth in the Note Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub-agents or its attorneys-in-fact with the consent or at the request of the Required Noteholders (or such other number or percentage of the Noteholders as shall be necessary under the circumstances as provided in Section 8.1 or Section 10.2) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Issuer or any Noteholder, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Note Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Note Document, (iv) the validity, enforceability, effectiveness or genuineness of any Note Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Note Documents, (v) the value or sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article III or elsewhere in any Note Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Issuer) concerning all matters pertaining to such duties. The Administrative Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and

if any such apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Noteholder to whom payment was due but not made shall be to recover from other Noteholders any payment in excess of the amount to which they are determined to be entitled (and such other Noteholders hereby agree to return to such Noteholder any such erroneous payments received by them).

The Administrative Agent shall not have any responsibility or liability for monitoring the list or identities of, or enforcing provisions relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Noteholder or prospective Noteholder is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment of Notes, or disclosure of confidential information, to any Disqualified Institutions. In addition, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Noteholder or prospective Noteholder is a "qualified investment buyer" as defined in Rule 144A under the Act and otherwise in accordance with applicable U.S. securities laws or (y) have any liability with respect to or arising out of any assignment of Notes, or disclosure of confidential information, to any Person that is not a "qualified institutional buyer" as defined in Rule 144A under the Act and otherwise in accordance with applicable U.S. securities laws.

Section 9.3. **Lack of Reliance on the Administrative Agent**. Each of the Noteholders acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Noteholder and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Noteholders also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Noteholder and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder. Each of the Noteholders acknowledges and agrees that outside legal counsel to the Administrative Agent in connection with the preparation, negotiation, execution, delivery and administration (including any amendments, waivers and consents) of this Agreement and the other Note Documents is acting solely as counsel to the Administrative Agent and is not acting as counsel to any Noteholder (other than the Administrative Agent and its Affiliates) in connection with this Agreement, the other Note Documents or any of the transactions contemplated hereby or thereby.

Section 9.4. **Certain Rights of the Administrative Agent**.

(a) If the Administrative Agent shall request instructions from the Required Noteholders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act unless and until it shall have received instructions from such Noteholders (and, if it so requests, it shall first be indemnified to its reasonable satisfaction by the Noteholders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action), and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Noteholders shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Noteholders

(or such other number or percentage of the Noteholders as shall be necessary under the circumstances).

(b) Notwithstanding anything to the contrary contained herein, in any other Note Document or elsewhere, each Noteholder, Holdings and the Issuer (on behalf of itself and other Note Parties) hereby acknowledges and agrees that in the case of any agreement, document, instrument, matter or other item that is required under the terms of this Agreement or any other Note Document to be consented or agreed to, approved by, determined by, selected by, or acceptable or satisfactory to, the Administrative Agent (whether subject to a reasonableness standard or otherwise) (each, an "Agent Required Approval Item"), the Administrative Agent shall be entitled to, and may withhold its consent, agreement or approval to, its determination or selection of, or its acceptance or satisfaction with, or (if applicable) its signature to, such Agent Required Approval Item unless and until the Administrative Agent has received a written direction (which may be via email unless the Administrative Agent specifies otherwise) from the Required Noteholders (or such other number or percentage of the Noteholders as shall be expressly provided for herein or in the other applicable Note Document) directing it to (x) consent or agree to or approve, or to select or indicate its acceptance or satisfaction with, such Agent Required Approval Item and (y) if applicable, execute and deliver (or take any other applicable action with respect to) such Agent Required Approval Item (such direction letter being referred to herein as an "Approval Direction"), and neither the Administrative Agent nor any of its Related Parties shall have any liability to any Noteholders, the Issuer, any other Note Party or any other Person as a result of the Administrative Agent withholding its consent or approval to, its selection of, or its acceptance or satisfaction with, or (if applicable) its signature to, any Agent Required Approval Item in the absence of an Approval Direction in respect thereof. The provisions of this paragraph are in addition to, and not in limitation of, the other exculpatory provisions set forth herein.

Section 9.5. **Reliance by the Administrative Agent**. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Issuer), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 9.6. **The Administrative Agent in its Individual Capacity**. The Person serving as the Administrative Agent shall, if applicable, have the same rights and powers under this Agreement and any other Note Document in its capacity as a Noteholder as any other Noteholder and may, if applicable, exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Noteholders", "Required Noteholders" or any similar terms shall, unless the context clearly otherwise indicates, include, if applicable, the Administrative Agent in its individual capacity. The Person acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Issuer or any Subsidiary or Affiliate of the Issuer as if it were not the Administrative Agent hereunder.

Section 9.7. **Successor Administrative Agent**.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Noteholders and the Issuer. Upon any such resignation, the Required Noteholders shall have the right to appoint a successor Administrative Agent, subject to approval by the Issuer provided that no Specified Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Noteholders, appoint a successor Administrative Agent which shall be a commercial bank organized under the laws of the United States or any state thereof or a bank which maintains an office in the United States or such other Person acceptable to the Required Noteholders and Issuer.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring Administrative Agent as of the effective date of its resignation), and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Note Documents. If, within 30 days after written notice is given of the retiring Administrative Agent's resignation under this Section, no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 30th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Note Documents and (iii) the Required Noteholders shall thereafter perform all duties of the retiring Administrative Agent under the Note Documents until such time as the Required Noteholders appoint (and if the Issuer's approval would be required by clause (a) above, the Issuer approves) a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article and of Section 10.3 shall continue in effect for the benefit of such retiring Administrative Agent and its Related Parties in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

Section 9.8. **Withholding Tax**. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Noteholder an amount equivalent to any applicable withholding tax. If the IRS or any authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Noteholder (because the appropriate form was not delivered or was not properly executed, or because such Noteholder failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Noteholder shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Issuer and without limiting the obligation of the Issuer to do so) 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.

Section 9.9. **The Administrative Agent May File Proofs of Claim**.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Note Party, the Administrative Agent (irrespective of whether the principal of any Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Issuer) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Notes and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Noteholders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Noteholders and the Administrative Agent and its agents and counsel and all other amounts due the Noteholders and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Noteholder to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Noteholders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Noteholder or to authorize the Administrative Agent to vote in respect of the claim of any Noteholder in any such proceeding.

Section 9.10. **Authorization to Execute Other Note Documents**. Each Noteholder hereby authorizes the Administrative Agent to execute on behalf of all Noteholders all Note Documents (including, without limitation, the Intercreditor Agreement, Collateral Documents, any Market Intercreditor Agreement and any subordination agreement executed in connection with any Pari Lien Debt) other than this Agreement.

Section 9.11. **Collateral and Guaranty Matters**. The Noteholders irrevocably authorize the Administrative Agent:

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Note Document (i) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Note Document, (ii) if approved, authorized or ratified in writing in accordance with Section 10.2 or that otherwise constitutes Excluded Property or (iii)

upon the payment in full of the Obligations (other than contingent obligations as to which no claim exists or has been asserted);

(b) to subordinate any Lien on any collateral granted to or held by the Administrative Agent under any Note Document to the holder of any Lien permitted by Section 7.2(d); and

(c) to release any Note Party from its obligations under the applicable Collateral Documents (including releasing the Guarantee granted by such Person under the Guaranty and Security Agreement) if:

(i) such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder;

(ii) such Person becomes (A) an Insurance Subsidiary, (B) a Subsidiary of an Insurance Subsidiary, (C) any other Subsidiary of the Issuer that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, (D) a Foreign Subsidiary or Subsidiary of a Foreign Subsidiary or (E) a FSHCO or Subsidiary of a FSHCO as a result of a transaction permitted hereunder; or

(iii) such Person is (i) an Insurance Subsidiary, (ii) a Subsidiary of an Insurance Subsidiary, (iii) any other Subsidiary of the Issuer that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, (iv) a Foreign Subsidiary or Subsidiary of a Foreign Subsidiary or (v) a FSHCO or Subsidiary of a FSHCO and is not required to be a "Guarantor" under the Term Loan Documents or any Pari Lien Debt Documents.

Upon request by the Administrative Agent at any time, the Required Noteholders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Note Party from its obligations under the applicable Collateral Documents pursuant to this Section. In each case as specified in this Section, the Administrative Agent is authorized, at the Issuer's expense, to execute and deliver to the applicable Note Party such documents as such Note Party may reasonably request to evidence the release of such item of Collateral from the Liens granted under the applicable Collateral Documents, or to release such Note Party from its obligations under the applicable Collateral Documents, in each case in accordance with the terms of the Note Documents and this Section (and if requested by the Administrative Agent the Issuer shall provide a written certification that such disposition is permitted by this Agreement (and, absent a written direction from the Secured Parties to the contrary, the Secured Parties hereby authorize and direct the Administrative Agent to conclusively rely on such certification as evidence that the applicable transaction is permitted under the Note Documents in providing such releases)). In the case of any such sale, transfer or disposal of any property constituting Collateral in a transaction constituting a disposition expressly permitted pursuant to Section 7.6, the Liens created by any of the Note Documents on such property shall be automatically released without need for further action by any person.

The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Note Party in connection therewith, and the Administrative Agent shall not be responsible or liable to any Secured Party for any failure to monitor or maintain any portion of the Collateral.

Section 9.12. **[Reserved]**

Section 9.13. **Right to Realize on Collateral and Enforce Guarantee**. Anything contained in any of the Note Documents to the contrary notwithstanding, the Issuer, the Administrative Agent and each Noteholder hereby agree that (i) no Noteholder shall have any right individually to realize upon any of the Collateral or to enforce the Collateral Documents, it being understood and agreed that all powers, rights and remedies hereunder and under the Collateral Documents may be exercised solely by the Administrative Agent, and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Noteholder may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of the Noteholders (but not any Noteholder or Noteholders in its or their respective individual capacities unless the Required Noteholders shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

ARTICLE X.

MISCELLANEOUS

Section 10.1. **Notices**.

(a) Written Notices.

(i) All notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

To the Issuer:

Root, Inc.
80 E. Rich Street
Columbus, OH 43215
Floor 5
Attention: Alex Timm, Chief Executive Officer
Facsimile Number: (614) 573-7662
Email: alex@joinroot.com

With copies to (for information purposes only): Latham & Watkins LLP

	30709203.30 140 Scott Drive Menlo Park, CA 94025 Attention: Patrick Pohlen Email: patrick.pohlen@lw.com and Latham & Watkins LLP 505 Montgomery, Suite 2000 San Francisco, CA 94111 Attention: Haim Zaltzman Email: haim.zaltzman@lw.com
To the Administrative Agent:	Wilmington Trust, National Association 1100 North Market Street Wilmington, DE 19890 Attention: Joseph B. Feil Facsimile (302) 636-4145 Email: jfeil@wilmingtontrust.com
With a copies to (which shall not constitute notice)	Willkie Farr & Gallagher LLP 787 7th Avenue New York, New York 10019 Attention: Rosalind Fahey Kruse and Matthew B. Stern Facsimile Number: (212) 728 9632 Email: rkruse@willkie.com and mstern@willkie.com and Arnold & Porter Kaye Scholer LLP 250 West 55th Street New York, NY 10019 Attention: Alan Glantz Facsimile Number: (212) 836-6763 Email: alan.glantz@arnoldporter.com
To any other Noteholder:	the address set forth in the Administrative Questionnaire or the Assignment and Acceptance executed by such Noteholder

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(ii) Any agreement of the Administrative Agent or any Noteholder herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Issuer. The Administrative Agent and each Noteholder shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Issuer to give such notice and the Administrative Agent and the Noteholders shall not have any liability to the Issuer or other Person on account of any action taken or not taken by the Administrative Agent or any Noteholder in reliance upon such telephonic or facsimile notice. The obligation of the Issuer to repay the Notes and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent or any Noteholder to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent or any Noteholder of a confirmation which is at variance with the terms understood by the Administrative Agent and such Noteholder to be contained in any such telephonic or facsimile notice.

(b) Electronic Communications.

(i) Notices and other communications to the Noteholders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Noteholder if such Noteholder has notified the Administrative Agent that it is incapable of receiving, or is unwilling to receive, notices by electronic communication. The Administrative Agent or the Issuer 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.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) 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 (A) of notification that such notice or communication is available and identifying the website address therefor; provided that, in the case of clauses (A) and (B) above, 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.

(c) [Reserved].

(d) All such notices and other communications sent to any party hereto in accordance with the provisions of this Agreement are made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, to the extent provided in clause (b) above and effective as provided in such clause; provided that notices and other communications

to the Administrative Agent pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(e) Note Documents may be transmitted and/or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually signed originals and shall be binding on all Note Parties, the Administrative Agent and the Noteholders.

(f) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." NONE OF THE AGENT PARTIES (AS DEFINED BELOW) WARRANTS THE ACCURACY OR COMPLETENESS OF THE ISSUER MATERIALS OR THE OTHER COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM, AND EACH EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE ISSUER MATERIALS OR OTHER COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE ISSUER MATERIALS, THE OTHER COMMUNICATIONS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Note Parties, any Noteholder or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Note Party's or the Administrative Agent's transmission of Issuer Materials or other communications through the Platform, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction in a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent or such Related Party; provided, however, that in no event shall the Administrative Agent or any Related Party have any liability to any Note Party or any of their respective Subsidiaries, any Noteholder or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any Note Party's or the Administrative Agent's transmission of Communications. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by on or behalf of any Note Party pursuant to any Note Document or the transactions contemplated therein which is distributed by the Administrative Agent and any Noteholder by means of electronic communications pursuant to this Section, including through the Platform.

Section 10.2. **Waiver; Amendments**.

(a) No failure or delay by the Administrative Agent or any Noteholder in exercising any right or power hereunder or under any other Note Document, and no course of dealing between the Issuer and the Administrative Agent or any Noteholder, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent and the Noteholders hereunder and under the other Note Documents are cumulative and are not exclusive of any rights or remedies provided by

law. No waiver of any provision of this Agreement or of any other Note Document or consent to any departure by the Issuer therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the purchasing of a Note shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Noteholder may have had notice or knowledge of such Default or Event of Default at the time.

(b) Subject to Section 2.12(b), no amendment or waiver of any provision of this Agreement or of the other Note Documents (other than the Agent Fee Letter), nor consent to any departure by the Issuer therefrom, shall in any event be effective unless the same shall be in writing and signed by the Issuer and the Required Noteholders, or the Issuer and the Administrative Agent with the consent of the Required Noteholders, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that (i) the Administrative Agent shall have received prior (or substantially simultaneous) written notice of any amendment, waiver or consent and (ii) in addition to the consent of the Required Noteholders, no amendment, waiver or consent shall:

(i) increase the Commitment of any Noteholder without the written consent of such Noteholder;

(ii) reduce the principal amount of any Note or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Noteholder directly affected thereby; provided that only the consent of the Required Noteholders shall be necessary to waive any obligation of the Issuer to pay interest at the rate set forth in Section 2.8(c) during the continuance of an Event of Default;

(iii) postpone the date fixed for any payment of any principal of, or interest on, any Note or any fees or other amounts hereunder or reduce the amount of, waive or excuse any such payment, without the written consent of each Noteholder directly affected thereby (it being understood that the waiver of any Default or Event of Default or mandatory prepayment shall not constitute a postponement, extension, reduction, excuse or waiver of any payment for purposes of this clause (iii) and only the consent of the Required Noteholders shall be necessary to waive any obligation of the Issuer to pay interest at the rate set forth in Section 2.8(c) during the continuance of an Event of Default);

(iv) (A) change Section 2.17(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, without the written consent of each Noteholder directly affected thereby or (B) change Section 8.2 in a manner that would alter the *pro rata* sharing of payments or the order of application required thereby without the written consent of each Noteholder directly affected thereby;

(v) change any of the provisions of this subsection (b) or the definition of "Required Noteholders" or any other provision hereof specifying the number or percentage of Noteholders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Noteholder directly affected thereby;

(vi) release all or substantially all of the Guarantors without the written consent of each Noteholder;

(vii) release all or substantially all Collateral (if any) securing any of the Obligations, without the written consent of each Noteholder; or

(viii) subordinate all or substantially all of the Liens securing the Obligations without the consent of each Noteholder affected thereby.

provided, further, that (x) no such amendment, waiver or consent shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent without the prior written consent of such Person and (y) the Agent Fee Letter may only be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Noteholder (but with the consent of the Issuer and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Noteholder shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Noteholder shall have terminated (but such Noteholder shall continue to be entitled to the benefits of Sections 2.15, 2.16 and 10.3), such Noteholder shall have no other commitment or other obligation hereunder and such Noteholder shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything herein or otherwise to the contrary, any Event of Default occurring hereunder shall continue to exist (and shall be deemed to be continuing) until such time as such Event of Default is waived in writing in accordance with the terms of this Section notwithstanding (i) any attempted cure or other action taken by the Issuer or any other Person subsequent to the occurrence of such Event of Default or (ii) any action taken or omitted to be taken by the Administrative Agent or any Noteholder prior to or subsequent to the occurrence of such Event of Default (other than the granting of a waiver in writing in accordance with the terms of this Section).

Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Issuer only, amend, modify or supplement any Note Document to cure any obvious ambiguity, omission, mistake, defect or inconsistency.

Section 10.3. **Expenses; Indemnification**.

(a) The Issuer shall pay (i) all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable and documented (in summary form) fees and disbursements of counsel for the Administrative Agent, the Required Noteholders and their Affiliates, in connection with the preparation and administration of the Note Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Note Document shall be consummated), and (ii) all reasonable and documented out-of-pocket costs and expenses (including, without limitation, the reasonable and documented (in summary form) fees and disbursements of counsel) incurred by the Administrative Agent or any Noteholder in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights and remedies under this Section, or in connection with the Notes

purchased hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Notes; provided, that notwithstanding the foregoing, legal expenses under clauses (i) and (ii) shall be limited to (x) one firm of outside counsel for the Administrative Agent, (y) one firm of outside counsel for all Noteholders, taken as a whole and (z) if reasonably necessary, (A) a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of local counsel acting in multiple jurisdictions) for the Administrative Agent and (B) a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of local counsel acting in multiple jurisdictions) for the Noteholders, taken as a whole (and, in the case of clauses (ii)(y) and (ii)(z)(B), solely in the case of an actual or perceived conflict of interest where the Noteholder affected by such conflict notifies the Issuer of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Noteholders).

(b) The Issuer shall indemnify the Administrative Agent (and any sub-agent thereof) and each Noteholder, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and promptly reimburse such Indemnitee for, any and all losses, claims, damages, liabilities or other expenses (including the reasonable and documented (in summary form) fees and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Issuer or any other Note Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Note Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Note or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Holdings or any of its Subsidiaries, or any Environmental Liability related in any way to Holdings or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer or any other Note Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee, (y) other than in the case of the Administrative Agent and its Related Parties, arise from a material breach of such Indemnitee's obligations hereunder or under any other Note Document or (z) result from disputes (not involving any act or omission by Holdings or its Subsidiaries or their Affiliates) solely among the Indemnitees for actions by one or more of the Indemnitees, other than claims by or against the Administrative Agent in such capacity fulfilling its agency role under the Note Documents; provided, that notwithstanding the foregoing, legal expenses under this clause (b) shall be limited to (x) one firm of outside counsel for Administrative Agent and its Related Parties, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for the Administrative Agent and its Related Parties, taken as a whole and (y) one firm of outside counsel for all other Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such other Indemnitees, taken as a whole (and, in the case of clause (y), solely in the case of an actual or perceived conflict of interest where

the Indemnitee affected by such conflict notifies the Issuer of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees). This clause (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, liabilities and related expenses arising from any non-Tax claim.

(c) To the extent that the Issuer fails to pay any amount required to be paid to the Administrative Agent (or any sub-agent thereof), or any Related Party of any of the foregoing under subsection (a) or (b) hereof, each Noteholder severally agrees to pay to the Administrative Agent (or any such sub-agent), or such Related Party, as the case may be, such Noteholder's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought (or if such unreimbursed expense or indemnity payment is sought after the date on which the Notes have been paid in full and the Commitments have terminated, in accordance with their respective Pro Rata Shares immediately prior to the date on which the Notes are paid in full and the Commitments have terminated)) of such unpaid amount; provided that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in its capacity as such. Each Noteholder hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Noteholder under any Note Document or otherwise payable by the Administrative Agent to such Noteholder from any source against any amount due to the Administrative Agent under this Section 10.3(c).

(d) To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of this Agreement, any other Note Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Note or the use of proceeds thereof; provided that nothing in this clause (d) shall relieve the Issuer of any obligation it may have under clause (b) above to indemnify any Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable promptly, but in any event within ten (10) Business Days, after written demand therefor.

Section 10.4. **Successors and Assigns**.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Noteholder, and no Noteholder may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section or (ii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (d) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the

extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Noteholders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Noteholder may at any time 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 Notes at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Noteholder's Notes at the time owing to it or in the case of an assignment to a Noteholder, an Affiliate of a Noteholder or any investment fund managed by the same investment manager as a Noteholder, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the principal outstanding balance of the Notes of the assigning Noteholder 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 or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000 with respect to Notes and in minimum increments of $1,000,000, unless each of the Administrative Agent and, so long as no Specified Event of Default has occurred and is continuing, the Issuer otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Noteholder's rights and obligations under this Agreement with respect to the Notes assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section, and, in addition, the consent of the Issuer (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Specified Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Noteholder, an Affiliate of a Noteholder or any investment fund managed by the same investment manager as a Noteholder.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment, (C) an Administrative Questionnaire unless the assignee is already a Noteholder, (D) the documents required under Section 2.16(g) unless the assignee is

already a Noteholder, and (E) to the extent requested by the Administrative Agent, all documentation and other information that the Administrative Agent has reasonably requested with respect to the assignee in order to comply with the Administrative Agent's obligations under applicable "know your customer" and anti-money laundering rules and regulations. The Issuer shall issue to the assignee Noteholder a Note in the assigned amount, and to the assignor Noteholder a new Note in the amount, if any, of the Note to be retained by such assignor Noteholder.

(v) No Assignment to certain Persons. No such assignment shall be made to (A) Holdings, the Issuer or any of their respective Affiliates or Subsidiaries or (B) any Disqualified Institutions, or any Person who, upon becoming a Noteholder hereunder, would constitute any of the foregoing Persons described in this clause.

(vi) No Assignment Except to Qualified Institutional Buyers. Any such assignment shall be made only to a Person who, at the time of the assignment, is a "qualified institutional buyer" as defined in Rule 144A under the Act and otherwise in accordance with applicable U.S. securities laws. For the avoidance of doubt, the Administrative Agent shall bear no responsibility or liability for and shall not (x) be obligated to ascertain, monitor or inquire as to whether any proposed transfer to a Person who, at the time of the assignment, is not a "qualified institutional buyer" as defined in Rule 144A under the Act and otherwise in accordance with applicable U.S. securities laws or (y) have any liability with respect to or arising out of any transfer to a Person who, at the time of the assignment, is not a "qualified institutional buyer" as defined in Rule 144A under the Act and otherwise in accordance with applicable U.S. securities laws. Notwithstanding anything set forth herein or in any other Note Document, the Administrative Agent shall not act as, or be deemed to act as, transfer agent or registrar under Article 8 of the UCC or Section 17A(c) of the Exchange Act hereunder or under any other Note Document.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Noteholder under this Agreement, and the assigning Noteholder 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 Noteholder's rights and obligations under this Agreement, such Noteholder shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.15, 2.16 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment. If the consent of the Issuer to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Issuer shall be deemed to have given its consent unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after notice thereof has actually been delivered by the assigning Noteholder (through the Administrative Agent) to the Issuer.

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Issuer, shall maintain at one of its offices within the United States a copy of each

Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Noteholders, and the Commitments of, and principal amount (and stated interest) of the Notes owing to, each Noteholder pursuant to the terms hereof from time to time (the "Register"). Information contained in the Register with respect to any Noteholder shall be available for inspection by such Noteholder at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Issuer at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Issuer's agent solely for tax purposes and solely with respect to the actions described in this Section.

(d) Any Noteholder may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Noteholder, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Noteholder from any of its obligations hereunder or substitute any such pledgee or assignee for such Noteholder as a party hereto.

(e) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Noteholder or prospective Noteholder is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment of Notes, or disclosure of confidential information, to any Disqualified Institution.

Section 10.5. **Governing Law; Jurisdiction; Consent to Service of Process**.

(a) This Agreement and the other Note Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Note Document (except, as to any other Note Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law of the State of New York.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Note Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or state court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Note Document shall affect any right that the Administrative Agent or any Noteholder may otherwise have to bring any action or proceeding

relating to this Agreement or any other Note Document against the Issuer or its properties in the courts of any jurisdiction.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Note Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. **WAIVER OF JURY TRIAL**. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER NOTE DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7. **Right of Set-off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Noteholder shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Issuer, any such notice being expressly waived by the Issuer to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Issuer at any time held or other obligations at any time owing by such Noteholder to or for the credit or the account of the Issuer against any and all Obligations held by such Noteholder irrespective of whether such Noteholder shall have made demand hereunder and although such Obligations may be unmatured. Each Noteholder agrees promptly to notify the Administrative Agent and the Issuer after any such set-off and any application made by such Noteholder; provided that the failure to give such notice shall not affect the validity of such set-off and application. Each Noteholder agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Issuer and any of its Subsidiaries to such Noteholder.

Section 10.8. **Counterparts; Integration**. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This

Agreement, the Agent Fee Letter, the other Note Documents, and any separate letter agreements relating to any fees payable to the Administrative Agent and its Affiliates constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Note Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9. **Survival**. All covenants, agreements, representations and warranties made by Holdings and the Issuer herein and in the certificates, reports, notices or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Note Documents and the purchase of the Notes, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Noteholder may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Note or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.15, 2.16, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Notes or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the Note Documents in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Note Documents, and the purchase of the Notes.

Section 10.10. **Severability**. Any provision of this Agreement or any other Note Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. **Confidentiality**. Each of the Administrative Agent and the Noteholders agrees to maintain the confidentiality of any non-public information relating to Holdings, the Issuer or any of their respective Subsidiaries or any of their respective businesses, to the extent provided to it by or on behalf of Holdings or any of its Subsidiaries, in accordance with the Administrative Agent's or the Noteholders' customary practices, other than any such information that is available to the Administrative Agent or any Noteholder on a non-confidential basis prior to disclosure by or on behalf of Holdings or any of its Subsidiaries, except that such information may be disclosed (i) to any Related Party of the Administrative Agent or any such Noteholder or their respective Affiliates including, without limitation, accountants, legal counsel, officers, directors, employees, independent auditors, professionals and other experts, agents or advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such disclosing party agrees to inform the Issuer reasonably promptly thereof and prior to such disclosure to the extent not prohibited by law), (iii) to the extent requested by any

regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Administrative Agent, any Noteholder or any Related Party of any of the foregoing on a non-confidential basis from a source other than Holdings or any of its Subsidiaries, (v) in connection with the exercise of any remedy hereunder or under any other Note Documents or any suit, action or proceeding relating to this Agreement or any other Note Documents or the enforcement of rights hereunder or thereunder or as otherwise required by applicable law or regulation, (vi) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of, or any prospective assignee of, any of its rights or obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap or derivative or other transaction under which payments are to be made by reference to the Issuer and its obligations, this Agreement or payments hereunder, (vii) to any rating agency, (viii) to the CUSIP Service Bureau or any similar organization, (ix) to the extent that such information is received by the Administrative Agent from a third party that is not, to the knowledge of the Administrative Agent, subject to confidentiality obligations owing to the Issuer or any Affiliate of the Issuer, (x) for purposes of establishing a "due diligence" defense, provided that prompt notice of such defense shall be provided to the Issuer, to the extent permitted by law, (xi) to the extent that such information was already in the possession of the Administrative Agent prior to any duty or other undertaking of confidentiality entered into in connection with this Agreement or any of the Note Documents, (xii) with the written consent of the Issuer or (xiii) to any other party to this Agreement. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information. In the event of any conflict between the terms of this Section and those of any other Contractual Obligation entered into with any Note Party (whether or not a Note Document), the terms of this Section shall govern. Notwithstanding the foregoing, no such confidential information shall be disclosed to a Disqualified Institution that has been identified to all Noteholders prior to the time of such disclosure without the Issuer's consent.

Subject to the Issuer's prior written approval (such approval not to be unreasonably conditioned, withheld or delayed), the Administrative Agent or any Noteholder may use non-confidential information related to this Agreement and the Notes purchased hereunder in connection with any marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements in publications of its choice at its own expense using such Note Party's name, product photographs, logo or trademark. Each Noteholder hereby consents to the disclosure by the Administrative Agent of information necessary or customary for inclusion in league table measurements.

Section 10.12. **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Note, together with all fees, charges and other amounts which may be treated as interest on such Note under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Noteholder holding such Note in accordance with applicable law, the rate of interest payable in respect of such Note hereunder,

together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Note but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Noteholder in respect of other Notes or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Noteholder.

Section 10.13. **Waiver of Effect of Corporate Seal**. The Issuer represents and warrants that neither it nor any other Note Party is required to affix its corporate seal to this Agreement or any other Note Document pursuant to any Requirement of Law, agrees that this Agreement is delivered by the Issuer under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Note Documents.

Section 10.14. **Patriot Act**. The Administrative Agent and each Noteholder hereby notifies the Note Parties that, pursuant the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Note Party, which information includes the name and address of such Note Party and other information that will allow such Noteholder or the Administrative Agent, as applicable, to identify such Note Party in accordance with the Patriot Act and.

Section 10.15. **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Note Document), the Issuer and each other Note Party acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by the Administrative Agent and/or the Noteholder's are arm's-length commercial transactions between the Issuer, each other Note Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Noteholders, on the other hand, (B) each of the Issuer and the other Note Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Issuer and each other Note Party is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Note Documents; (ii) (A) each of the Administrative Agent and the Noteholders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Issuer, any other Note Party or any of their respective Affiliates, or any other Person, and (B) neither the Administrative Agent nor any Noteholder has any obligation to the Issuer, any other Note Party or any of their Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Note Documents; and (iii) the Administrative Agent, the Noteholders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, the other Note Parties and their respective Affiliates, and each of the Administrative Agent and the Noteholders has no obligation to disclose any of such interests to the Issuer, any other Note Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Issuer and the other Note Parties hereby waives and releases any claims that it may have against the Administrative Agent or any Noteholder with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.16. **Location of Closing**. Each Noteholder acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent. The Issuer acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Note Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3. 1, to the Administrative Agent. All parties agree that the closing of the transactions contemplated by this Agreement has occurred in New York.

Section 10.17. **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 10.18. **Intercreditor Agreement**. EACH NOTEHOLDER PARTY HERETO (I) UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT IT (AND EACH OF ITS SUCCESSORS AND ASSIGNS) AND EACH OTHER NOTEHOLDER (AND EACH OF THEIR SUCCESSORS AND ASSIGNS) SHALL BE BOUND BY THE INTERCREDITOR AGREEMENT AND/OR ANY APPLICABLE MARKET INTERCREDITOR AGREEMENT AND (II) AUTHORIZES AND INSTRUCTS THE ADMINISTRATIVE AGENT TO ENTER INTO THE INTERCREDITOR AGREEMENT AND/OR ANY APPLICABLE MARKET INTERCREDITOR AGREEMENT (AND TAKE ANY ACTION PURSUANT THERETO) AND TO SUBJECT THE LIENS ON THE COLLATERAL SECURING THE OBLIGATIONS TO THE PROVISIONS THEREOF.

ARTICLE XI.

NOTEHOLDER REPRESENTATIONS

Each Noteholder individually represents and warrants that as of the Closing Date and each Person that becomes a Noteholder after the Closing Date represents and warrants that as of the date such Person became Noteholder:

Section 11.1. **Restrictions on Transfer**. Such Noteholder has been advised that the Notes have not been registered or qualified for distribution (or distribution to the public, as the case may be) under the Act or any state securities laws and, therefore, cannot be resold unless they are registered, or so qualified, as applicable, under the Act and applicable state securities laws or unless an exemption from such registration or qualification requirements is available. Such Noteholder is aware that the Issuer is under no obligation to effect any such registration or qualification with respect to the Notes or to file for or comply with any exemption from registration or qualification. Such Noteholder is receiving the Notes from the Issuer hereunder as principal for its own account and not with a view to, or for resale in connection with, the distribution or other disposition thereof in violation of the Act or any applicable state securities laws.

Section 11.2. **Accredited Investor, etc**. Such Noteholder is an "accredited investor" as that term is defined in Regulation D under the Act and a "qualified institutional buyer" as that term is defined in Rule 144A under the Act.

Section 11.3. **Debt**. Such Noteholder agrees to treat, and shall treat, the Notes as debt for U.S. federal income tax purposes, except to the extent required pursuant to a final determination (as defined in Section 1313 of the Internal Revenue Code).

Section 11.4. **ERISA**. Such Noteholder (i) is neither a Plan nor any entity whose underlying assets include "plan assets" (within the meaning of such term under Section 3(42) of ERISA, including 29 CFR 2510.3-101) by reason of a Plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any similar law or (ii) its sale, transfer, acquisition or holding of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation under any similar law). "Plan" shall mean (i) "employee benefit plans" (as defined in Section 3(3) of ERISA) which are subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans and (ii) those plans that are not subject to ERISA but which are subject to Section 4975 of the Internal Revenue Code, such as individual retirement accounts. Any purported transfer of such Note, or any interest therein, to a purchaser or transferee that does not comply with the requirements specified in the applicable documents will be of no force and effect and shall be null and void ab initio.

[*Remainder of page intentionally blank; signature pages follow*.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

ISSUER:

ROOT, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

[Signature page to Note Purchase Agreement]

WILMINGTON TRUST, NATIONAL ASSOCIATION, as the Administrative Agent

By: */s/ Joseph B. Feil*
Name: Joseph B. Feil
Title: Vice President

[Signature page to Note Purchase Agreement]

DRD Contact, LLC
as Noteholder

By: */s/ Susanne V. Clark*
Name: Susanne V. Clark
Title: Senior Managing Director

[Signature page to Note Purchase Agreement]

FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT

THIS **FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT** is dated as of February 20, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Issuer"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), each of the Noteholders party hereto as "Noteholders", and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, Holdings, the Noteholders and the Administrative Agent are parties to that certain Note Purchase Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Note Purchase Agreement");

WHEREAS, the Issuer, Holdings, Root Insurance Agency, LLC, an Ohio limited liability company, Buzzwords Labs Inc., a Delaware corporation, Root Enterprise, LLC, a Delaware limited liability company, and the Administrative Agent are parties to that certain Guaranty and Security Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement");

WHEREAS, the Issuer has requested that the Administrative Agent and the Noteholders amend certain provisions of the Note Purchase Agreement, as more particularly set forth below;

WHEREAS, subject to the terms and conditions set forth herein, the Issuer, Holdings, the Administrative Agent and the Noteholders have agreed to amend the Note Purchase Agreement;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Capitalized terms which are used herein without definition and which are defined in the Note Purchase Agreement shall have the same meanings herein as in the Note Purchase Agreement.

Section 2. Amendments to Note Purchase Agreement.

(a) The Note Purchase Agreement is hereby amended by deleting sub-clause (d)(i) of Section 7.15 thereof in its entirety and substituting in lieu thereof the following:

"(i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 per policy (or per occurrence) and"

Section 3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is subject to the truth and accuracy of the warranties and representations set forth in Sections 4 and 5 below and receipt by the Administrative Agent of each of the following, each of which shall be in form and substance satisfactory to Administrative Agent:

(a) this Amendment, duly executed and delivered by the Issuer, Holdings, the Noteholders constituting the Required Noteholders and the Administrative Agent; and

(b) an amendment to the Term Loan Agreement, in form and substance satisfactory to the Administrative Agent.

Section 4. Representations. The Issuer and Holdings represent and warrant to the Administrative Agent and the Noteholders that, as of the date hereof:

(a) Power and Authority. Each of the Issuer and Holdings has the requisite power and authority to execute, deliver and perform its obligations under this Amendment and the Note Purchase Agreement, as amended by this Amendment, and have taken all necessary organizational and, if required, shareholder, partner or member action to duly authorize the execution, delivery and performance of this Amendment. Each of this Amendment and the Note Purchase Agreement, as amended by this Amendment, constitutes the valid and binding obligation of each of the Issuer and Holdings enforceable against them in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by the Issuer and Holdings of this Amendment, and compliance by them with the terms and provisions of the Note Purchase Agreement, as amended by this Amendment: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or 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 Note Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Note Party is a party or by which they or any of their property or assets is bound or to which they may be subject or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws of the Issuer or Holdings or any other Note Party.

(c) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for those that have otherwise been obtained or made on or prior to the date of the effectiveness of this Amendment and which remain in full force and effect on such date), or exemption by, any Governmental Authority, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Amendment by each of the Issuer and Holdings or (ii) the legality, validity, binding effect or enforceability of the Note Purchase Agreement, as amended by this Amendment against the Issuer and Holdings.

(d) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(e) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Note Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

Section 5. Reaffirmation of Representations. Each of the Issuer and Holdings hereby repeats and reaffirms all representations and warranties made to the Administrative Agent and the Noteholders in the Note Purchase Agreement and the other Note Documents on and as of the date hereof (and after giving

effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full (except to the extent that such representations and warranties relate expressly to an earlier date, in which case such representations and warranties were true and correct as of such earlier date).

Section 6. No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Note Purchase Agreement and each of the other Note Documents shall remain in full force and effect in accordance with their respective terms, and the Noteholders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Note Purchase Agreement and the other Note Documents in the future, in each case, pursuant to the terms of the Note Documents. Each of the Issuer and Holdings hereby (i) restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Note Purchase Agreement and the other Note Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Note Document to which it is a party, or reduce, impair or discharge the obligations of the Issuer or Holdings or the Collateral granted to the Administrative Agent and/or the Noteholders thereunder. The Noteholders' agreement to the terms of this Amendment or any other amendment of the Note Purchase Agreement or any other Note Document shall not be deemed to establish or create a custom or course of dealing between the Issuer, Holdings or the Noteholders, or any of them. This Amendment shall be deemed to be a "Note Document" for all purposes under the Note Purchase Agreement. After the effectiveness of this Amendment, each reference to the Note Purchase Agreement in any of the Note Documents shall be deemed to be a reference to the Note Purchase Agreement as amended by this Amendment. The amendments contained herein shall be deemed to have prospective application only.

Section 7. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(b) The Issuer agrees to reimburse the Administrative Agent on demand for all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent incurred by the Administrative Agent in negotiating, documenting and consummating this Amendment and the transactions contemplated hereby and thereby.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

Section 8. Direction. The Noteholders party hereto, constituting the Required Noteholders, hereby (i) authorize and direct the Administrative Agent to execute and deliver this Amendment and (ii) acknowledge and agree that (x) the direction in this Section 8 constitutes a direction from the Required Noteholders under the provisions of Article IX of the Note Purchase Agreement and (y) Sections 9.4 and

10.3(c) of the Note Purchase Agreement shall apply to any and all actions taken by the Administrative Agent in accordance with such direction.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer, Holdings the Noteholders and the Administrative Agent have caused this First Amendment to Note Purchase Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

ISSUER:

ROOT, INC.

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel & Secretary

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel & Secretary

WILMINGTON TRUST, NATIONAL

ASSOCIATION, as Administrative Agent

By: /s/ Joseph B. Feil
Name: Joseph B. Feil
Title: Vice President

DRD CONTACT, LLC, as Noteholder

By: /s/ Susanne V. Clark

Name: Susanne V. Clark

Title: Senior Managing Director

CONFIRMATION OF GUARANTY

The undersigned Guarantors hereby (a) acknowledge, consent and agree to the terms of the foregoing Amendment and (b) agree and confirm that their obligations as set forth in the Guaranty and Security Agreement and all other Note Documents to which they are a party will continue in full force and effect and extend to all Obligations (as defined in the Note Purchase Agreement, as amended and modified by this Amendment).

As of this 20th day of February 2020.

ROOT INSURANCE AGENCY, LLC

By: Root, Inc., its Sole Member

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel & Secretary

BUZZWORDS LABS INC.

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel

ROOT ENTERPRISE, LLC

By: /s/ Raja Chakravorti
Name: Raja Chakravorti
Title: President

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

THIS **SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT** is dated as of September 14, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Issuer"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), each of the Noteholders party hereto as "Noteholders", and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, Holdings, the Noteholders and the Administrative Agent are parties to that certain Note Purchase Agreement dated as of November 25, 2019 (as amended by the First Amendment to Note Purchase Agreement, dated as of February 20, 2020, and as further amended, restated, supplemented or otherwise modified from time to time, the "Existing Note Purchase Agreement");

WHEREAS, the Issuer, Holdings, Root Insurance Agency, LLC, an Ohio limited liability company, Buzzwords Labs Inc., a Delaware corporation, Root Enterprise, LLC, a Delaware limited liability company, and the Administrative Agent are parties to that certain Guaranty and Security Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement");

WHEREAS, the Issuer has requested that the Administrative Agent and the Noteholders amend certain provisions of the Note Purchase Agreement, as more particularly set forth below;

WHEREAS, Holdings and the Issuer have notified the Administrative Agent and the Noteholders of their intent to change their names to, respectively, Root, Inc. and Caret Holdings, Inc., at which time Root, Inc. shall be Holdings and Caret Holdings, Inc. shall be the Issuer under the Amended Note Purchase Agreement (as defined below) (the "IPO Name Changes"); and WHEREAS, subject to the terms and conditions set forth herein, the Issuer, Holdings, the Administrative Agent and the Noteholders have agreed to amend the Note Purchase Agreement.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Capitalized terms which are used herein without definition and which are defined in the Note Purchase Agreement shall have the same meanings herein as in the Existing Note Purchase Agreement, as amended by this Amendment (the "Amended Note Purchase Agreement").

Section 2. Amendments to Note Purchase Agreement.

(a) Section 1.1 of the Note Purchase Agreement is hereby amended by inserting the following defined terms in alphabetical order:

""Contingent Line of Credit" shall have the meaning set forth in the Term Loan Agreement (as amended by the Second Term Loan Amendment).

"Covenant Holiday Termination Date" shall mean (i) March 29, 2021 or (ii) if a Significant Public Equity Capital Raise occurs prior to March 29, 2021, October 16, 2021.

"Permitted Convertible Indebtedness" shall have the meaning set forth in the Term Loan Agreement (as amended by the Second Term Loan Amendment).

"Restricted Debt" shall have the meaning set forth in Section 7.18. For the avoidance of doubt, Indebtedness consisting of intercompany Indebtedness, or any Indebtedness permitted under Sections 7.1(j), (l), (m), (n) and (o), shall not constitute Restricted Debt.

"Restricted Debt Payment" shall have the meaning set forth in Section 7.18.

"Second Amendment Effective Date" shall mean September 14, 2020.

"Second Term Loan Amendment" shall mean the Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement, dated as of the Second Amendment Effective Date, by and among Holdings, the Issuer, in its capacity as the borrower thereunder, the several banks and other financial institutions as lenders party thereto and the Term Loan Agent.

"Significant Equity Capital Raise" shall mean a (or a series of) public (pursuant to a Qualified IPO) or private sale(s) after the Second Amendment Effective Date of (a) Qualified Capital Stock of Holdings or (b) Capital Stock of a direct or indirect parent entity of Holdings, or (c) any combination of the foregoing clauses (a) and (b), which, in the aggregate, generate(s) cash proceeds of at least $500,000,000, and such proceeds are contributed as common equity to Holdings or the Issuer.

"Significant Public Equity Capital Raise" shall mean a (or a series of) public (pursuant to a Qualified IPO) sale(s) after the Second Amendment Effective Date of (a) Qualified Capital Stock of Holdings or (b) Capital Stock of a direct or indirect parent entity of Holdings, or (c) any combination of the foregoing clauses (a) and (b), which, in the aggregate, generate(s) cash proceeds of at least $500,000,000, and such proceeds are contributed as common equity to Holdings or the Issuer.

"Subordinated Debt" shall have the meaning set forth in the Term Loan Agreement (as amended by the Second Term Loan Amendment)."

(b) Each of the following defined terms in Section 1.1 of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

""Applicable Margin" shall mean (i) 7.00% per annum or (ii) if a Significant Public Equity Capital Raise occurs prior to March 29, 2021, from and after March 29, 2021, 10.50% per annum.

"Change in Control" shall mean the occurrence of one or more of the following events:

(i) at any time prior to the consummation of a Qualified IPO, the Permitted Holders shall cease to collectively own and control, on a fully diluted basis, Capital Stock of Holdings representing more than 50% (a) of the economic interests in Holdings or (b) the voting power of Holdings entitled to vote in the election of members of the board of directors (or equivalent governing body) of Holdings; or

(ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (in each case, within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) other than the Permitted Holders or a trustee or other fiduciary holding securities under an employee benefit plan of the Issuer (a) shall have acquired, directly or indirectly, beneficial ownership of 35.0% or more of the outstanding shares of the voting interests in the Capital Stock of Holdings or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or equivalent governing body) of Holdings; or

(iii) at any time after the consummation of a Qualified IPO, during any period of 24 consecutive months, a majority of the members of the board of directors (or other equivalent governing body) of Holdings cease to be composed of individuals who are Continuing Directors; or

(iv) (a) Holdings shall cease to directly own and control 100% of the Capital Stock of the Issuer; or (b) the Issuer shall cease to own and control, directly or indirectly, 100% of the Capital Stock of each of its Subsidiaries (other than (x) pursuant to a transaction permitted by Section 7.3(a) or 7.6 and (y) Subsidiaries the Capital Stock of which the Issuer does not directly or indirectly own 100% of at the time of the initial formation or acquisition of such Subsidiaries (including, for the avoidance of doubt, any Subsidiaries that are mutual insurance companies) to the extent such initial formation or acquisition was permitted by Section 7.4); provided that clause (x) of this parenthetical shall not apply with respect to any U.S. Insurance Subsidiary); or

(v) unless a Significant Public Equity Capital Raise occurs prior to such time, at any time on or prior to the date that is 30 months following the Closing Date, Alex Timm shall own and control less than 4.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings; or

(vi) unless a Significant Public Equity Capital Raise occurs prior to such time, at any time on or prior to the date that is 30 months following the Closing Date, Alex Timm shall cease at any time to be directly involved in the day to day management of the Issuer.

"Equity Monetization Event" shall mean, unless such event is waived by the Required Noteholders or a Significant Public Equity Capital Raise occurs prior to March 29, 2021, the occurrence of any of the following:

(i) the consummation of a Qualified IPO (other than pursuant to a Significant Public Equity Capital Raise prior to March 29, 2021);

(ii) the occurrence of a Change in Control;

(iii) the occurrence of a Significant Transaction; or (iv) any automatic exercise of the Closing Date Warrants in accordance with the terms thereof (other than pursuant to a Significant Public Equity Capital Raise prior to March 29, 2021).

"Restricted Payment" shall mean (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of Capital Stock to the holders of that class (other than Disqualified Capital Stock); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings, the Issuer or any of their respective Subsidiaries now or hereafter outstanding; and (iv) any payment or prepayment of management or similar fees."

(c) Section 2.7(a) of the Note Purchase Agreement is hereby amended by deleting "$250,000" and inserting "$1,000,000" in lieu thereof.

(d) Section 2.7(d) of the Note Purchase Agreement is hereby amended and restated in its entirety as follows:

"To the extent any proceeds from key man life insurance policies are received by the Issuer or any of its Subsidiaries prior to the consummation of a Significant Equity Capital Raise, no later than the Business Day following the date of receipt by the Issuer or any of its Subsidiaries of any proceeds from key man life insurance policies, the Issuer shall prepay the Obligations in an amount equal to all such proceeds. Any such prepayment shall be applied in accordance with subsection (f) of this Section."

(e) Section 2.8(f) of the Note Purchase Agreement is hereby amended by deleting the words "During the period from the Closing Date through and including the date that is the three (3) year anniversary of the Closing Date (and in any event including the Interest Payment Date for the 12th Interest Period occurring after the Closing Date) (such period, the "PIK Election Period")" in the first sentence therein and inserting the words "During the period from the Closing Date through and including (i) the date that is the three (3) year anniversary of the Closing Date (and in any event including the Interest Payment Date for the 12th Interest Period occurring after the Closing Date) or (ii) if a Significant Public Equity Capital Raise occurs prior to March 29, 2021, October 15, 2021 (such period, the "PIK Election Period")" in lieu thereof.

(f) Section 2.9(a) of the Note Purchase Agreement is hereby amended and restated in its entirety as follows:

"Any (i) voluntary payment, repayment, prepayment, satisfaction, replacement or refinancing (including in connection with any payment pursuant to Section 2.20), (ii) mandatory prepayment pursuant to Sections 2.7(c) or (e) (subject to the proviso below), (iii) other than with the consent of each directly affected Noteholder, (A) reduction to the amount or (B) extension of the due dates, in each case, of any principal of, or interest or premium on, any Note (whether in connection with any proceeding under Debtor Relief Laws or otherwise), or (iv) acceleration (including as a result of any Event of Default (including as a result of any proceeding under Debtor Relief Laws), whether automatically or by declaration, or by operation of law), in each case, in advance of the Maturity Date (including upon automatic acceleration of the Notes), of the Notes, whether in whole or in part, shall be at a price equal to (1) 100.0% of the principal amount thereof, plus (2) accrued and unpaid interest as of the date of such repayment or prepayment or other event or occurrence, plus (3) the Prepayment Premium, if any, as of the date of such repayment or prepayment or other event or occurrence; provided that notwithstanding the foregoing, no Prepayment Premium shall be payable upon (I) a mandatory prepayment under Sections 2.7(a), (b) or (d), (II)(x) a mandatory prepayment under Section 2.7(e) (whether or not such mandatory prepayment, or the event giving rise to such mandatory prepayment, is waived by the Required Noteholders) or (y) a voluntary prepayment in connection with the event giving rise to any mandatory prepayment under Section 2.7(e) that has been waived by the Required Noteholders or (III) a voluntary prepayment made after a Significant Public Equity Capital Raise that occurs prior to March 29, 2021 if, but only if, in the case of clauses (II)(x), (II)(y) and (III), immediately prior to the occurrence of the event giving rise to such mandatory prepayment or in the case of clause (III), immediately prior to such voluntary prepayment, the aggregate value of Holdings' Capital Stock (based on the Most Recent Equity Price (as defined below)) is equal to or exceeds $3,000,000,000. As used above, (i) "Most Recent Equity Price" means the implied valuation for Holdings' Capital Stock on a fully diluted basis arising from the applicable Equity Monetization Event or in the case of Clause (III), the Significant Public Equity Capital Raise prior to March 29, 2021, or, in the case of Clauses (II)(x) and (II)(y), in the event that the applicable Equity Monetization Event does not involve an investment which implies a value for Holdings' Capital Stock, then the "Most Recent Equity Price" shall mean the price that Holdings' preferred stock is sold to investors pursuant to the most recent Bona Fide Preferred Equity Offering (as defined below), and (ii) "Bona Fide Preferred Equity Offering" means (A) initially, the issuance by Holdings of its Series E Preferred Stock, and (B) thereafter, any issuance (or series of related issuances) by Holdings after the Closing Date of preferred stock so long as, in the case of this clause

(B), the net cash proceeds of such issuance (or series of related issuances) is equal to or greater than $75,000,000."

(g) Section 5.1(f) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"as soon as available and in any event within 90 days after the end of the calendar year, forecasts and a pro forma budget for the succeeding Fiscal Year, containing an income statement, balance sheet, statement of cash flow and projected dividend capacity;"

(h) Section 5.2(a) of the Note Purchase Agreement is hereby amended by (i) deleting the "and" appearing at the end of clause (vii) thereof, (ii) renumbering clause (viii) as clause (ix), and (iii) inserting a new clause (viii) therein immediately before the renumbered clause (ix) that reads:

"(viii) the occurrence of a Qualified IPO or a Significant Public Equity Capital Raise; and"

(i) Section 5.11(a) of the Note Purchase Agreement is hereby amended by deleting "$250,000" and inserting "$1,000,000" in lieu thereof.

(j) Article V of the Note Purchase Agreement is hereby amended by adding the following new Section 5.19 immediately following Section 5.18:

"Section 5.19. **Covenant Holiday Termination Date**. On the Covenant Holiday Termination Date, the Issuer shall deliver to the Administrative Agent a certificate executed by a Responsible Officer certifying that the Note Parties are in compliance with the terms and conditions of the Note Purchase Documents on and as of such date."

(k) Section 7.1(a) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(i) Indebtedness created pursuant to the Note Documents and (ii) Indebtedness incurred pursuant to the Term Loan Agreement and other Term Loan Documents in an amount not to exceed $200,000,000 at any one time outstanding, and any Permitted Refinancing thereof;"

(l) Deleting "and" at the end of Section 7.1(p), inserting "and" at the end or Section 7.1(q) and inserting the following as a new Section 7.1(r):

"(r) to the extent constituting Indebtedness, Indebtedness of the Note Parties consisting of a Contingent Line of Credit in a maximum principal amount not to exceed $500,000,000."

(m) Section 7.2(a) of the Note Purchase Agreement is hereby amended by deleting "May 15, 2021" and inserting "October 16, 2021" in lieu thereof.

(n) Section 7.4(e) of the Note Purchase Agreement is hereby amended by deleting "$500,000" and inserting "$2,000,000" in lieu thereof.

(o) Article VII of the Note Purchase Agreement is hereby amended by adding the following new Section 7.18 immediately following Section 7.17:

"Section 7.18. **Restricted Debt Payments**. Holdings and the Issuer will not, and will not permit any of their respective Subsidiaries to, make any payment or prepayment in cash, securities or other property on or in respect of principal of or interest on any (i) Indebtedness incurred pursuant to the Term Loan Agreement and other Term Loan Documents, (ii) Subordinated Debt (including, for the avoidance of doubt,

Indebtedness permitted pursuant to Section 7.1(k) and the Contingent Line of Credit), (iii) Indebtedness permitted pursuant to Section 7.1(q) and (iv) Permitted Convertible Indebtedness (all such Indebtedness, collectively, the "Restricted Debt"), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any Restricted Debt (collectively, "Restricted Debt Payments"), except (in each case, only if and to the extent such Restricted Debt is permitted at such time by this Agreement):

(a) Restricted Debt Payments (other than payments with respect to (x) the Contingent Line of Credit, (y) any Subordinated Debt to the extent prohibited by the subordination provisions thereof and (z) Indebtedness incurred pursuant to the Term Loan Agreement and other Term Loan Documents) consisting of (i) regularly scheduled interest payments as and when due in respect of any Restricted Debt and (ii) dividends in respect of Permitted Convertible Indebtedness permitted pursuant to Sections 7.1(r) or 7.1(p) solely to the extent such dividends are regularly scheduled and in a fixed amount (or fixed percentage);

(b) Restricted Debt Payments as a result of the conversion or exchange of all or any portion of Permitted Convertible Indebtedness into or for Qualified Capital Stock of Holdings as well as cash payment, in lieu of issuance of fractional shares, in connection therewith;

(c) repayments of principal and interest of any Indebtedness with the proceeds of a Permitted Refinancing thereof or by exchange or conversion to Qualified Capital Stock of Holdings as well as cash payment, in lieu of issuance of fractional shares in connection therewith;

(d) in the case of any Contingent Line of Credit, any regularly scheduled payments of interest, commitment fees and/or dividends in accordance with the terms of the documentation evidencing the Contingent Line of Credit so long as no Default or Event of Default exists at the time of or results from such regularly scheduled payment; provided that the aggregate amount of all such payments made in cash shall not exceed $15,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $20,000,000) during the term of this Agreement; provided, further, that in no event shall cash payments be permitted pursuant to this Section 7.18(d) with respect to any month, quarter or other interest period if the Issuer has elected pursuant to Section 2.8(f) to pay some or all of the interest accrued on any Note during such month, quarter or other interest period in-kind, in lieu of in cash; and

(e) any payments of the Indebtedness incurred pursuant to the Term Loan Agreement and other Term Loan Documents that are permitted by the Intercreditor Agreement."

(p) (i) Sections 7.1(i)(ii) and 7.5(b) of the Note Purchase Agreement are each hereby amended in the same manner that Sections 7.1(i) and 7.5(b) (solely with respect to adding in clause (b)(ii) set forth therein), respectively, of the Term Loan Agreement are amended pursuant to the Second Term Loan Amendment, (ii) Section 7.5(d) and (e) of the Note Purchase Agreement are hereby deleted and (iii) Sections 7.5(g), 7.5(h), 7.5(i) and 7.5(j) of the Term Loan Agreement as amended pursuant to the Second Term Loan Amendment are deemed included in the Amended Note Purchase Agreement. For the avoidance of doubt, any Permitted Acquisition (as defined as amended per clause (r)(ii) below) effected or in respect of which a binding agreement is signed prior to the Covenant Holiday Termination Date shall continue to be permitted on or after the Covenant Holiday Termination Date so long as such Permitted Acquisition complies with Section 7.4(h) of the Note Purchase Agreement.

(q) Section 8.1(d) of the Note Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(i) Holdings or the Issuer shall fail to observe or perform any covenant or agreement contained in (x) Section 5.1(a), (b), (c) or (d), 5.2(a)(i) (after giving effect to the Specified Covenant Compliance Waiver set forth below), 5.3 (with respect to legal existence), 5.8(b)(iii)(B), 5.18, 5.19 or (y) Article VI or (z) Article VII (in the case of clauses (y) and (z), excluding, at any time on or prior to the Covenant Holiday Termination Date, any failure to observe or perform any covenant or agreement set forth therein (other than Sections 6.4, 7.1(p) and 7.2) if and only if such failure (A) would have resulted in a

"Default" or "Event of Default" under and as defined in the Term Loan Agreement prior to the Second Amendment Effective Date but (B) would not result in a "Default" or "Event of Default" under and as defined in the Term Loan Agreement from and after the Second Amendment Effective Date as a result of such covenant or agreement being modified pursuant to the Second Term Loan Amendment) (the "Specified Covenant Compliance Waiver"); or (ii) Holdings or the Issuer shall fail to observe or perform the covenant contained in Section 5.2(a)(v), and such failure shall remain unremedied for 10 Business Days after any officer of the Issuer becomes aware of such failure; or"

(r) The parties hereto hereby agree that at all times prior to the Covenant Holiday Termination Date:

(i) upon the occurrence of a Significant Equity Capital Raise, the reporting requirements with respect to the delivery of financial statements set forth in Sections 5.1(a), (b) and (c) of the Term Loan Agreement (as amended by the Second Term Loan Amendment) shall be deemed to apply to the corresponding provisions in Sections 5.1(a), (b) and (c) of the Note Purchase Agreement;

(ii) (A) the definitions of "Material Agreement," "Material Indebtedness," "Permitted Acquisition" and "Threshold Amount" shall have the meanings set forth in the Term Loan Agreement (as amended by the Second Term Loan Amendment); (B) Section 8.1(f) of the Note Purchase Agreement shall be deemed to include the carveout for "Permitted Convertible Indebtedness" under (and as defined in) the Term Loan Agreement (as amended by the Second Term Loan Amendment); and (C) the dollar thresholds set forth in Section 8.1(k), (l) and (o) shall be deemed to match the levels in the corresponding provisions of the Term Loan Agreement (as amended by the Second Term Loan Amendment); and

(iii) (A) the financial covenants set forth in Article VI of the Term Loan Agreement (as amended by the Second Term Loan Amendment) (other than the financial covenant set forth in Section 6.5 of the Term Loan Agreement) shall be deemed to be included in place of the financial covenants set forth in Article VI of the Note Purchase Agreement (other than the financial covenant set forth in Section 6.4 of the Note Purchase Agreement); and (B) the financial covenant set forth in Section 6.1 of the Note Purchase Agreement shall be subject to the same grace period as set forth in Section 8.1(d)(iii) of the Term Loan Agreement (as amended by the Second Term Loan Amendment).

(s) The parties hereto hereby agree that any Investment or Restricted Payment made after the date hereof and prior to the Covenant Holiday Termination Date that (A) would have resulted in a "Default" or "Event of Default" under and as defined in the Term Loan Agreement prior to the Second Amendment Effective Date but (B) would not result in a "Default" or "Event of Default" under and as defined in the Term Loan Agreement from and after the Second Amendment Effective Date as a result of such covenant or agreement being modified pursuant to the Second Term Loan Amendment (excluding, (x) any Investment made pursuant to Section 7.4(e) of the Amended Note Purchase Agreement, to the extent expressly provided in the second sentence of Section 2(r) above or Section 7.4(h) of the Amended Note Purchase Agreement and (y) any Investment or Restricted Payment that would otherwise be permitted under the Amended Note Purchase Agreement after the Covenant Holiday Termination Date), shall not be permitted and shall result in an immediate Event of Default from and after the Covenant Holiday Termination Date unless (1) Holdings issues Qualified Capital Stock that results in net cash proceeds to Holdings or (2) the Issuer prepays the Notes pursuant to Section 2.6 of the Note Purchase Agreement, in each case of clauses (1) and (2), in an amount equal to or greater than the amount of such Investment or such Restricted Payment, as the case may be.

(t) The parties hereto hereby agree that each Compliance Certificate delivered to the Administrative Agent for delivery to each Noteholder on or after the date hereof and prior to the Covenant Holiday Termination Date

(including pursuant to Section 3(e)(iii) below) shall include calculations of the financial covenants set forth in Article VI of the Term Loan Agreement (as amended by the Second Term Loan Amendment).

Section 3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is subject to the truth and accuracy of the warranties and representations set forth in Sections 4 and 5 below and the satisfaction of the following conditions:

(a) the Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received this Amendment, duly executed and delivered by the Issuer, Holdings, the Noteholders constituting the Required Noteholders and the Administrative Agent, and the Confirmation of Guaranty attached hereto duly executed and delivered by the Guarantors listed therein;

(b) the Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received (i) a duly executed copy of the Second Term Loan Amendment, in form and substance satisfactory to the Required Noteholders, and (ii) a duly executed copy of that certain Amendment no. 1 to the First Lien Intercreditor Agreement, in the form attached hereto as Exhibit A (the "ICA Amendment");

(c) the Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received a certificate of the Secretary or Assistant Secretary of each Note Party in form and substance satisfactory to the Required Noteholders, attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Note Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of this Amendment and the other Note Documents to which it is a party and certifying the name, title and true signature of each officer of such Note Party executing this Amendment and the Note Documents to which it is a party;

(d) the Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Note Party;

(e) the Administrative Agent (or its counsel) and the Noteholders (or their counsel) shall have received a certificate dated as of the Second Amendment Effective Date and signed by a Responsible Officer (i) certifying that immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Note Party set forth in the Note Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects) and (C) since the date of the financial statements of the Issuer described in Section 4.4 of the Existing Note Purchase Agreement, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect; (ii) confirming that the Note Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date; and (iii) that attaches a duly completed and executed Compliance Certificate addressed to the Administrative Agent but otherwise substantially in the form delivered to the Term Loan Agent on the Second Amendment Effective Date; and

(f) the Administrative Agent and the Noteholders shall have received evidence that all fees, charges and disbursements of counsel to each of the Administrative Agent and the Noteholders have been paid by the Issuer.

Section 4. Conditions Subsequent.

(a) At any time after the closing of this Amendment on the Second Amendment Effective Date but before 5:00 p.m. (New York City time) on the third Business Day after the Second Amendment Effective Date, Holdings and the Issuer shall have (i) filed the IPO Name Changes with the Delaware Secretary of State and (ii) delivered evidence and a record of such filing to the Administrative Agent and the Noteholders. For the avoidance of doubt, the Administrative Agent and the Noteholders hereby consent to the IPO Name Changes notwithstanding the advance notice requirement set forth in Section 6.6 of the Guaranty and Security Agreement so long as the Issuer and Holdings comply with the conditions described in clauses (i) and (ii) of this clause (a).

(b) No later than two Business Days following the Second Amendment Effective Date (or such later date as may be agreed in writing (including via email) by the Required Noteholders in their sole discretion), the Issuer shall deliver or cause to be delivered to the Administrative Agent the written opinion of Cooley LLP, counsel to the Note Parties, addressed to the Administrative Agent and each of the Noteholders, and covering such matters relating to the Note Parties, this Amendment, the Note Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinion will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Noteholders).

(c) Any failure by Holdings or the Issuer to observe or perform any covenant or agreement contained in this Section 4 within the time periods set forth herein shall constitute an immediate Event of Default under Section 8.1(d)(i) of the Note Purchase Agreement.

Section 5. Representations. The Issuer and Holdings represent and warrant to the Administrative Agent and the Noteholders that, as of the date hereof:

(a) Power and Authority. Each of the Issuer and Holdings has the requisite power and authority to execute, deliver and perform its obligations under this Amendment and the Note Purchase Agreement, as amended by this Amendment, and have taken all necessary organizational and, if required, shareholder, partner or member action to duly authorize the execution, delivery and performance of this Amendment. Each of this Amendment and the Note Purchase Agreement, as amended by this Amendment, constitutes the valid and binding obligation of each of the Issuer and Holdings enforceable against them in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by the Issuer and Holdings of this Amendment, and compliance by them with the terms and provisions of the Note Purchase Agreement, as amended by this Amendment: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or 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 Note Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Note Party is a party or by which they or any of their property or assets is bound or to which they may be subject or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws of the Issuer or Holdings or any other Note Party.

(c) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for those that have otherwise been obtained or made on or prior to the date of the effectiveness of this Amendment and which remain in full force and effect on such date), or exemption by, any Governmental Authority, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Amendment by each of the Issuer and Holdings or (ii) the legality, validity, binding effect or enforceability of the Note Purchase Agreement, as amended by this Amendment against the Issuer and Holdings.

(d) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(e) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Note Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

Section 6. Reaffirmation of Representations. Each of the Issuer and Holdings hereby repeats and reaffirms all representations and warranties made to the Administrative Agent and the Noteholders in the Note Purchase Agreement and the other Note Documents on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full (except to the extent that such representations and warranties relate expressly to an earlier date, in which case such representations and warranties were true and correct as of such earlier date); provided that if and to the extent that any representation or warranty set forth in the Term Loan Agreement was amended by the Second Term Loan Amendment, such representation or warranty shall be deemed to be so amended for purposes of this Section 6.

Section 7. No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Note Purchase Agreement and each of the other Note Documents shall remain in full force and effect in accordance with their respective terms, and the Noteholders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Note Purchase Agreement and the other Note Documents in the future, in each case, pursuant to the terms of the Note Documents. Each of the Issuer and Holdings hereby (i) restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Note Purchase Agreement and the other Note Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Note Document to which it is a party, or reduce, impair or discharge the obligations of the Issuer or Holdings or the Collateral granted to the Administrative Agent and/or the Noteholders thereunder. The Noteholders' agreement to the terms of this Amendment or any other amendment of the Note Purchase Agreement or any other Note Document shall not be deemed to establish or create a custom or course of dealing between the Issuer, Holdings or the Noteholders, or any of them. This Amendment shall be deemed to be a "Note Document" for all purposes under the Note Purchase Agreement. After the effectiveness of this Amendment, each reference to the Note Purchase Agreement in any of the Note Documents shall be deemed to be a reference to the Note Purchase Agreement as amended by this Amendment. The amendments contained herein shall be deemed to have prospective application only.

Section 8. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(b) The Issuer agrees to reimburse the Administrative Agent on demand for all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent incurred by the Administrative Agent in negotiating, documenting and consummating this Amendment and the transactions contemplated hereby and thereby.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

Section 9. Direction. The Noteholders party hereto, constituting the Required Noteholders, hereby (i) consent to the amendments to the Intercreditor Agreement contemplated by the ICA Amendment, (ii) authorize and direct the Administrative Agent to execute and deliver (x) this Amendment and (y) the ICA Amendment and (iii) acknowledge and agree that (x) the direction in this Section 9 constitutes a direction from the Required Noteholders under the provisions of Article IX of the Note Purchase Agreement and (y) Sections 9.4 and 10.3(c) of the Note Purchase Agreement shall apply to any and all actions taken by the Administrative Agent in accordance with such direction.

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer, Holdings the Noteholders and the Administrative Agent have caused this Second Amendment to Note Purchase Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

ISSUER:

ROOT, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

WILMINGTON TRUST NATIONAL ASSOCIATION, as Administrative Agent

By: */s/ Joseph B. Feil*
Name: Joseph B. Feil
Title: Vice President

DRD CONTACT, LLC, as Noteholder

By: */s/ Susanne V. Clark*

Name: Susanne V. Clark

Title: Senior Managing Director

CONFIRMATION OF GUARANTY

The undersigned Guarantors hereby (a) acknowledge, consent and agree to the terms of the foregoing Amendment and (b) agree and confirm that their obligations as set forth in the Guaranty and Security Agreement and all other Note Documents to which they are a party will continue in full force and effect and extend to all Obligations (as defined in the Note Purchase Agreement, as amended and modified by this Amendment).

As of the day and year first above written

ROOT INSURANCE AGENCY, LLC
By: Root, Inc., its Sole Member

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

BUZZWORDS LABS, INC.

By: */s/ Jonathan A. Allison*
Name: Jonathan A. Allison
Title: General Counsel

ROOT ENTERPRISE, LLC
By: Root, Inc., its Sole Member

By: */s/ Alexander Timm*
Name: Alexander Timm
Title: Chief Executive Officer

Exhibit 21.1

Subsidiaries of Root, Inc.

Name	Jurisdiction
Caret Holdings, Inc.	Delaware
Root Enterprise, LLC	Delaware
Root Insurance Company	Ohio
Root Insurance Agency, LLC	Ohio
Root Reinsurance Company, Ltd.	Cayman Islands
Buzzwords Labs Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated August 10, 2020, relating to the financial statements of Root, Inc. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio

October 5, 2020