# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2021**

**OR**

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to**

**Commission File Number: 001-40645**

# RYAN SPECIALTY GROUP HOLDINGS, INC.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | **86-2526344** |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| **Two Prudential Plaza 180 N. Stetson Avenue, Suite 4600 Chicago, IL** | **60601** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(312) 784-6001**

**(Registrant's telephone number, including area code)**

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

| **Title of each class** | **Trading symbol** | **Name of each exchange on which registered** |
|---|---|---|
| **Class A Common Stock, $0.001 par value per share** | **RYAN** | **The New York Stock Exchange (NYSE)** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

On November 11, 2021, the Registrant had 259,065,974 shares of common stock outstanding, consisting of 109,903,867 shares of Class A common stock, $0.001 par value, and 149,162,107 shares of Class B common stock, $0.001 par value.

**Ryan Specialty Group Holdings, Inc.**

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**Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements give our current expectations relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated costs, expenditures, cash flows, growth rates and financial results, our plans, intended use of proceeds, anticipated cost savings relating to the Restructuring Plan and the amount and timing of delivery of annual cost savings, and objectives for future operations, growth or initiatives, strategies or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties (many of which may be amplified on account of the COVID-19 pandemic) that may cause actual results to differ materially from those that we expected, including:

- our potential failure to develop a succession plan for the senior management team, including Patrick G. Ryan, and/or to recruit and retain revenue producers;
- the cyclicality of, and the economic conditions in, the markets in which we operate;
- conditions that result in reduced insurer capacity;
- the potential loss of our relationships with insurance carriers or our clients, failure to maintain good relationships with insurance carriers or clients, becoming dependent upon a limited number of insurance carriers or clients or the failure to develop new insurance carrier and client relationships;
- significant competitive pressures in each of our businesses;
- decreases in the premiums or commission rates set by insurers, or actions by insurers seeking repayment of commissions;
- decrease in the amount of supplemental or contingent commissions we receive;
- our inability to collect our receivables;
- the potential that our underwriting models contain errors or that are otherwise ineffective;
- damage to our reputation;
- failure to maintain, protect and enhance our brand;
- decreases in current market share as a result of disintermediation within the insurance industry, including increased competition from insurance companies, technology companies and the financial services industry, as well as the shift away from traditional insurance markets;
- changes in the mode of compensation in the insurance industry;
- changes in our accounting estimates, assumptions or methodologies, or changes in accounting guidance generally;
- changes in interest rates that affect our cost of capital and net investment income;
- changes in interest rates and deterioration of credit quality that reduce the value of our cash balances;
- impairment of goodwill;
- any failure to maintain our corporate culture;
- the inability to maintain rapid growth and generate sufficient revenue to maintain profitability;
- the loss of clients or business as a result of consolidation within the retail insurance brokerage industry;
- the impact if our MGU programs are terminated or changed;
- the risks associated with the evaluation of potential acquisitions and the integration of acquired businesses as well as introduction of new products, lines of business and markets;
- any unsuccessful attempts to open new officers, enter new product lines, establish distribution channels, or hire new brokers and underwriters;

- our inability to gain internal efficiencies through the application of technology or effectively apply technology in driving value for our clients through innovation and technology-based solutions;
- the unavailability or inaccuracy of our clients' and third parties' data for pricing and underwriting our insurance policies;
- a variety of risks in our third-party claims administration operations that are distinct from those we face in our insurance intermediary operations;
- the competitiveness and cyclicality of the reinsurance industry;
- the higher risk of delinquency or collection inherent in our premium finance business;
- the occurrence of natural or man-made disasters;
- our inability to successfully recover upon experiencing a disaster or other business continuity problem;
- the economic and political conditions of the countries and regions in which we operate;
- the failure or take-over by the FDIC of one of the financial institutions that we use;
- our inability to respond quickly to operational or financial problems or promote the desired level of cooperation and interaction among our offices;
- the impact of third parties that perform key functions of our business operations acting in ways that harm our business;
- our global operations expose us to various international risks, including exchange rate fluctuations;
- the impact of governmental regulations, legal proceedings and governmental inquiries related to our business;
- being subject to E&O claims as well as other contingencies and legal proceedings;
- our handling of client funds and surplus lines taxes that exposes us to complex fiduciary regulations;
- changes in tax laws or regulations;
- decreased commission revenues due to proposed tort reform legislation;
- the impact of regulations affecting insurance carriers;
- the impact on our operations and financial condition from the effects of the current COVID-19 pandemic and resulting governmental and societal responses;
- the impact of breaches in security that cause significant system or network disruptions;
- the impact of improper disclosure of confidential, personal or proprietary data, misuse of information by employees or counterparties or as a result of cyberattacks;
- the impact of infringement, misappropriation or dilution of our intellectual property;
- the impact of the failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others;
- our outstanding debt potentially adversely affecting our financial flexibility and subjecting us to restrictions and limitations that could significantly affect our ability to operate;
- not being able to generate sufficient cash flow to service all of our indebtedness and being forced to take other actions to satisfy our obligations under such indebtedness;
- the impact of being unable to refinance our indebtedness;
- being affected by further changes in the U.S.-based credit markets;
- changes in our credit ratings;
- the impact of failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future; and
- other factors disclosed in the section entitled "Risk Factors" and elsewhere in the IPO Prospectus and this Quarterly Report on Form 10-Q.

We derive many of our forward-looking statements from our operating budgets and forecasts that are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the sections entitled "Risk Factors" and

"Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q in the context of these risks and uncertainties.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

**Commonly Used Defined Terms**

As used in this Quarterly Report on Form 10-Q, unless the context indicates or otherwise requires, the following terms have the following meanings:

- "we", "us", "our", the "Company", "Ryan Specialty", and similar references refer: (i) following the consummation of the Organizational Transactions, including our IPO, to Ryan Specialty Group Holdings, Inc., and, unless otherwise stated, all of its subsidiaries, including RSG LLC, and (ii) prior to the completion of the Organizational Transactions, including our IPO, to RSG LLC and, unless otherwise stated, all of its subsidiaries.

- Admitted: The insurance market comprising insurance carriers licensed to write business on an "admitted" basis by the insurance commissioner of the state in which the risk is located. Insurance rates and forms in this market are highly regulated by each state and coverages are largely uniform.

- Affiliate (and, with a correlative meaning, "Affiliated"): With respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

- All Risks or ARL: All Risks Specialty, LLC (f/k/a All Risk, Ltd.), an insurance specialist providing services in wholesale brokerage and delegated underwriting authority.

- All Risks Acquisition: In September 2020, Ryan Specialty acquired All Risks.

- Binding Authority: Our Binding Authority receives submissions for insurance directly from retail brokers, evaluates price and makes underwriting decisions regarding these submissions based on narrowly prescribed guidelines provided by carriers, and binds and issues policies on behalf of insurance carriers who retain the insurance underwriting risk.

- Class C Incentive Units: Class C common incentive units, initially of RSG LLC on and prior to September 30, 2021 and then subsequently of New RSG Holdings, that are subject to vesting and will be exchangeable into LLC Common Units. These awards were referred to as "Management Incentive Units" in our IPO Prospectus.

- E&O: Errors and omissions.

- E&S: Excess and surplus lines. In this insurance market, carriers are licensed on a "non-admitted" basis. The excess and surplus lines market often offers carriers more flexibility in terms, conditions, and rates than does the Admitted market.

- Family Group: (i) In the case of a member of RSG LLC or a RSG LLC Employee who is an individual, such individual's spouse, parents and descendants (whether natural or adopted) and any trust or estate planning vehicle or entity solely for the benefit of such individual and/or the individual's spouse, parents, descendants and/or other relatives, and (ii) in the case of a member of RSG LLC or a RSG LLC Employee that is a trust, the beneficiary of such trust.

- Founder: Patrick G. Ryan.
- Founder Group: Founder, members of the Founder's Family Group and Founder's Affiliates.
- IPO: Initial public offering.
- IPO Prospectus: our final prospectus for our IPO dated as of July 21, 2021 and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act.
- LLC Operating Agreement: Except where noted, the Seventh Amended and Restated Limited Liability Company Agreement of RSG LLC
- LLC Units: Class A common units and Class B common units of RSG LLC prior to the Organizational Transactions.
- LLC Unitholders: holders of the LLC Units or the LLC Common Units, as the context requires.
- LLC Common Units: non-voting common interest units initially of RSG LLC on and prior to September 30, 2021 and then subsequently of New RSG Holdings.
- MGA: Managing general agent.
- MGU: Managing general underwriter.
- New RSG Holdings: New RSG Holdings LLC is a Delaware limited liability company and a direct subsidiary of Ryan Specialty Group Holdings, Inc.
- New RSG Holdings LLC Operating Agreement: The Amended and Restated Limited Liability Company Agreement of New RSG Holdings LLC.
- Onex: Onex Corporation and its affiliates, a holder of LLC Units and Redeemable Preferred Units prior to the Organizational Transactions, and one of our shareholders following the Organizational Transactions.
- Organizational Transactions: The series of organizational transactions completed by the Company in connection with the IPO, as described in the IPO Prospectus.
- Participation: Collectively, the Mandatory Participation and the Optional Participation.
- Person: An individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.
- Redeemable Preferred Units: Class B preferred units of RSG LLC held by Onex prior to the Organizational Transactions.
- Restructuring Plan: Plan to reduce costs and increase efficiencies, streamline management reporting structures, and centralize functions across the Company to improve operating margins, which is expected to be fully actioned by June 30, 2022.
- RSG LLC: Ryan Specialty Group, LLC, together with its parent New RSG Holdings, and their subsidiaries. RSG LLC was referred to as "Holdings LLC" in our IPO Prospectus.
- SEC: The Securities and Exchange Commission.
- Securities Act: Securities Act of 1933, as amended.
- Specialty: One of the three Ryan Specialty primary distribution channels, which includes Wholesale Brokerage, Binding Authority, and Underwriting Management.
- Stock Option: A non-qualified stock option award that gives the grantee the option to buy a specified number of Class A common stock at the grant date price.
- Tax Receivable Agreement or TRA: The tax receivable agreement entered into in connection with the IPO.
- U.S. GAAP: Accounting principles generally accepted in the United States of America.

- Underwriting Management: Underwriting Management administers a number of MGUs, MGAs and programs that offer commercial and personal insurance for specific product lines or industry classes. Underwriters act with delegated underwriting authority based on varying degrees of prescribed guidelines as provided by carriers, quoting, binding and issuing policies on behalf of Ryan Specialty's carrier trading partners which retain the insurance underwriting risk.

- Wholesale Brokerage: Wholesale Brokerage distributes a wide range and diversified mix of specialty property, casualty, professional lines, personal lines and workers' compensation insurance products, as a broker between the carriers and retail brokerage firms.

## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Income (Unaudited)**
All balances presented in thousands, except share and per share amounts

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **REVENUE** | | | | |
| Net commissions and fees | $ 352,610 | $ 236,683 | $ 1,053,800 | $ 689,833 |
| Fiduciary investment income | 156 | 128 | 436 | 1,494 |
| **Total revenue** | **$ 352,766** | **$ 236,811** | **$ 1,054,236** | **$ 691,327** |
| **EXPENSES** | | | | |
| Compensation and benefits | 286,538 | 162,981 | 737,825 | 461,094 |
| General and administrative | 38,754 | 31,370 | 96,984 | 81,755 |
| Amortization | 26,982 | 15,640 | 82,095 | 34,789 |
| Depreciation | 1,179 | 1,029 | 3,601 | 2,658 |
| Change in contingent consideration | 43 | (35 ) | 2,356 | 997 |
| **Total operating expenses** | **$ 353,496** | **$ 210,985** | **$ 922,861** | **$ 581,293** |
| **OPERATING INCOME (LOSS)** | **$ (730 )** | **$ 25,826** | **$ 131,375** | **$ 110,034** |
| Interest expense | 21,193 | 10,859 | 60,224 | 26,295 |
| Income from equity method investment in related party | 176 | 326 | 610 | 413 |
| Other non-operating loss | (16,211 ) | (1,574 ) | (45,547 ) | (4,066 ) |
| **INCOME (LOSS) BEFORE INCOME TAXES** | **$ (37,958 )** | **$ 13,719** | **$ 26,214** | **$ 80,086** |
| Income tax expense (benefit) | (5,368 ) | 2,923 | (802 ) | 6,085 |
| **NET INCOME (LOSS)** | **$ (32,590 )** | **$ 10,796** | **$ 27,016** | **$ 74,001** |
| Net income (loss) attributable to non-controlling interests, net of tax | (31,256 ) | 585 | (28,806 ) | 1,531 |
| **NET INCOME (LOSS) ATTRIBUTABLE TO RYAN SPECIALTY GROUP HOLDINGS, INC.** | **$ (1,334 )** | **$ 10,211** | **$ 55,822** | **$ 72,470** |
| **NET (LOSS) PER SHARE OF CLASS A COMMON STOCK:** | | | | |
| Basic and diluted | $ (0.16 ) | | $ (0.16 ) | |
| **WEIGHTED-AVERAGE SHARES OF CLASS A COMMON STOCK OUTSTANDING:** | | | | |
| Basic and diluted | 105,309,406 | | 105,309,406 | |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Comprehensive Income (Unaudited)**
All balances presented in thousands

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **NET INCOME (LOSS)** | **$ (32,590)** | **$ 10,796** | **$ 27,016** | **$ 74,001** |
| Net income (loss) attributable to non-controlling interests, net of tax | (31,256) | 585 | (28,806) | 1,531 |
| **NET INCOME (LOSS) ATTRIBUTABLE TO RYAN SPECIALTY GROUP HOLDINGS, INC.** | **$ (1,334)** | **$ 10,211** | **$ 55,822** | **$ 72,470** |
| **Other comprehensive loss, net of tax:** | | | | |
| Foreign currency translation adjustments | (648) | (1,747) | (204) | (1,045) |
| Change in share of equity method investment in related party other comprehensive loss | — | — | (738) | — |
| **Total other comprehensive loss, net of tax** | **$ (648)** | **$ (1,747)** | **$ (942)** | **$ (1,045)** |
| **COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO RYAN SPECIALTY GROUP HOLDINGS, INC.** | **$ (1,982)** | **$ 8,464** | **$ 54,880** | **$ 71,425** |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Balance Sheets (Unaudited)**
All balances presented in thousands, except share and per share data

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 413,695 | $ 312,651 |
| Commissions and fees receivable – net | 171,862 | 177,699 |
| Fiduciary assets | 1,916,585 | 1,978,152 |
| Prepaid incentives – net | 7,738 | 8,842 |
| Other current assets | 21,039 | 16,006 |
| **Total current assets** | **$ 2,530,919** | **$ 2,493,350** |
| **NON-CURRENT ASSETS** | | |
| Goodwill | 1,223,957 | 1,224,196 |
| Other intangible assets | 527,804 | 604,764 |
| Prepaid incentives – net | 27,044 | 36,199 |
| Equity method investment in related party | 47,087 | 47,216 |
| Property and equipment – net | 15,034 | 17,423 |
| Lease right-of-use assets | 80,295 | 93,941 |
| Deferred tax assets | 395,805 | - |
| Other non-current assets | 10,511 | 12,293 |
| **Total non-current assets** | **$ 2,327,537** | **$ 2,036,032** |
| **TOTAL ASSETS** | **$ 4,858,456** | **$ 4,529,382** |
| **LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS'/MEMBERS' EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | 78,777 | 115,573 |
| Accrued compensation | 335,923 | 349,558 |
| Operating lease liabilities | 18,811 | 19,880 |
| Short-term debt and current portion of long-term debt | 26,769 | 19,158 |
| Fiduciary liabilities | 1,916,585 | 1,978,152 |
| **Total current liabilities** | **$ 2,376,865** | **$ 2,482,321** |
| **NON-CURRENT LIABILITIES** | | |
| Accrued compensation | — | 69,121 |
| Operating lease liabilities | 69,928 | 83,737 |
| Long-term debt | 1,568,410 | 1,566,192 |
| Deferred tax liabilities | 379 | 577 |
| Tax receivable agreement liabilities | 282,470 | - |
| Other non-current liabilities | 5,306 | 16,709 |
| **Total non-current liabilities** | **$ 1,926,493** | **$ 1,736,336** |
| **TOTAL LIABILITIES** | **$ 4,303,358** | **$ 4,218,657** |
| **MEZZANINE EQUITY** | | |
| Preferred units ($1.00 par value; 0 issued and outstanding at September 30, 2021 and 260,000,000 issued and outstanding at December 31, 2020) | $ — | $ 239,635 |
| **STOCKHOLDERS'/MEMBERS' EQUITY** | | |
| Members' interest | — | 67,088 |
| Class A common stock ($0.001 par value; 1,000,000,000 shares authorized, 109,903,867 shares issued and outstanding at September 30, 2021) | 110 | — |
| Class B common stock ($0.001 par value; 1,000,000,000 shares authorized, 149,162,107 shares issued and outstanding at September 30, 2021) | 149 | — |
| Class X common stock ($0.001 par value; 10,000,000 shares authorized, 640,784 shares issued and 0 outstanding at September 30, 2021) | — | — |
| Preferred stock ($0.001 par value; 500,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2021) | — | — |
| Additional paid-in capital | 327,805 | — |
| Accumulated deficit | (17,115 ) | — |
| Accumulated other comprehensive income | 1,760 | 2,702 |
| **Total stockholders' equity attributable to Ryan Specialty Group Holdings, Inc. /members' equity** | **$ 312,709** | **$ 69,790** |
| Non-controlling interests | 242,389 | 1,300 |
| **Total stockholders'/members' equity** | **555,098** | **71,090** |
| **TOTAL LIABILITIES, MEZZANINE AND STOCKHOLDERS'/MEMBERS' EQUITY** | **$ 4,858,456** | **$ 4,529,382** |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Cash Flows (Unaudited)**
All balances presented in thousands

| | Nine months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 27,016 | $ 74,001 |
| Adjustments to reconcile net income to cash flows from (used for) operating activities: | | |
| Loss (gain) from equity method investment | (610) | (413) |
| Amortization | 82,095 | 34,789 |
| Depreciation | 3,601 | 2,658 |
| Prepaid and deferred compensation expense | 34,960 | 12,559 |
| Non-cash equity based compensation | 46,877 | 6,355 |
| Amortization of deferred debt issuance costs | 8,546 | 1,758 |
| Deferred income taxes | (5,860) | (56) |
| Loss on extinguishment of existing debt | 8,634 | 1,708 |
| Change (net of acquisitions and divestitures) in: | | |
| Commissions and fees receivable - net | 6,004 | 17,669 |
| Accrued interest | 602 | 19 |
| Other current assets and accrued liabilities | 27,751 | (121,565) |
| Other non-current assets and accrued liabilities | (85,241) | (27,218) |
| **Total cash flows provided by operating activities** | **$ 154,375** | **$ 2,264** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash paid for acquisitions - net of cash acquired | — | (808,546) |
| Asset acquisitions | (343,158) | (5,236) |
| Prepaid incentives issued – net of repayments | 4,136 | (6,213) |
| Equity method investment in related party | — | (23,500) |
| Capital expenditures | (6,429) | (10,596) |
| **Total cash flows used for investing activities** | **$ (345,451)** | **$ (854,091)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Contributions of members' equity and preferred equity | — | 118,936 |
| Purchase of remaining interest in Ryan Re | (48,368) | — |
| Payment of contingent consideration | (4,495) | — |
| Equity repurchases from pre-IPO unitholders | (3,880) | (44,957) |
| Repurchase of preferred equity | (78,256) | — |
| Cash distribution to pre-IPO unitholders | (47,039) | (45,705) |
| Repayment of term debt | (12,375) | (140,625) |
| Repayment of unsecured promissory notes | (1,108) | — |
| Borrowing of term debt | — | 1,650,000 |
| Repayment of subordinated notes | — | (25,000) |
| Repayments on revolving credit facilities | — | (428,697) |
| Finance lease and other costs paid | (108) | 230 |
| Debt issuance costs paid | (1,893) | (70,484) |
| Repurchase of Class A common stock in the IPO | (183,616) | — |
| Repurchase of pre-IPO LLC Units and payment of Alternative TRA Payments | (780,352) | — |
| Issuance of Class A common stock in the IPO, net of offering costs paid | 1,455,184 | — |
| **Total cash flows provided by financing activities** | **293,694** | **1,013,698** |
| **Effect of changes in foreign exchange rates on cash and cash equivalents** | **(1,574)** | **(1,095)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **$ 101,044** | **$ 160,776** |
| **CASH AND CASH EQUIVALENTS—Beginning balance** | **$ 312,651** | **$ 52,016** |
| **CASH AND CASH EQUIVALENTS—Ending balance** | **$ 413,695** | **$ 212,792** |
| Supplemental cash flow information: | | |
| Interest and financing costs paid | $ 51,050 | $ 23,641 |
| Income taxes paid | $ 6,341 | $ 5,811 |
| Issuance of Class A common stock in connection with Common Blocker Merger | $ 21 | $ — |
| Issuance of Class X common stock in connection with Common Blocker Merger | $ 1 | $ — |
| Exchange of Founders' subordinated promissory notes for equity issued | $ — | $ (74,990) |
| Preferred equity issued in exchange for Founders' subordinated promissory notes | $ — | $ 74,270 |
| Common equity issued in exchange for Founders' subordinated promissory notes | $ — | $ 7,661 |
| Loss on extinguishment of Founders' subordinated promissory notes | $ — | $ (6,941) |
| Common equity issued as consideration for business combination | $ — | $ 102,000 |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members' Equity (Unaudited)**
All balances presented in thousands

| | Mezzanine Equity | Members' Equity (Deficit) | Class A Common Stock | | Class B Common Stock | | Class X Common Stock | | Additional Paid-in Capital | Retained Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interest | Stockholders'/ Members' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Shares | Amount | Shares | Amount | Shares | Amount | | | | | |
| **Balance at January 1, 2021** | **$ 239,635** | **$ 67,088** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,702** | **$ 1,300** | **71,090** |
| Net income (loss) | — | (6,251 ) | — | — | — | — | — | — | — | — | — | 2,450 | (3,801 ) |
| Foreign currency translation adjustments | — | — | — | — | — | — | — | — | — | — | (352 ) | — | (352 ) |
| Change in share of equity method investment in related party other comprehensive income | — | — | — | — | — | — | — | — | — | — | (738 ) | — | (738 ) |
| Accumulation of preferred dividends (% return), net of tax distributions | — | (6,736 ) | — | — | — | — | — | — | — | — | — | — | (6,736 ) |
| Accretion of premium on mezzanine equity | 598 | (598 ) | — | — | — | — | — | — | — | — | — | — | (598 ) |
| Related party acquisition | — | (44,517 ) | — | — | — | — | — | — | — | — | — | (3,750 ) | (48,267 ) |
| Distributions declared—tax advances | — | (14,236 ) | — | — | — | — | — | — | — | — | — | — | (14,236 ) |
| Repurchases of Class A units | — | (227 ) | — | — | — | — | — | — | — | — | — | — | (227 ) |
| Equity-based compensation expense | — | 4,430 | — | — | — | — | — | — | — | — | — | — | 4,430 |
| **Balance at March 31, 2021** | **$ 240,233** | **$ (1,047 )** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 1,612** | **$ —** | **$ 565** |
| Net income (loss) | — | 63,407 | — | — | — | — | — | — | — | — | — | — | 63,407 |
| Foreign currency translation adjustments | — | — | — | — | — | — | — | — | — | — | 796 | — | 796 |
| Accumulation of preferred dividends (% return), net of tax distributions | — | 1,073 | — | — | — | — | — | — | — | — | — | — | 1,073 |
| Accretion of premium on mezzanine equity | 598 | (598 ) | — | — | — | — | — | — | — | — | — | — | (598 ) |
| Related party acquisition | — | (101 ) | — | — | — | — | — | — | — | — | — | — | (101 ) |
| Distributions declared—tax advances | — | (9,521 ) | — | — | — | — | — | — | — | — | — | — | (9,521 ) |
| Reclassification from preferred units to repurchase payable | — | (75,012 ) | — | — | — | — | — | — | — | — | — | — | (75,012 ) |
| Repurchases of Class A units | — | (4,398 ) | — | — | — | — | — | — | — | — | — | — | (4,398 ) |
| Equity-based compensation expense | — | 3,165 | — | — | — | — | — | — | — | — | — | — | 3,165 |
| **Balance at June 30, 2021** | **$ 240,831** | **$ (23,032 )** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,408** | **$ —** | **$ (20,624 )** |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members' Equity (Unaudited)**
All balances presented in thousands, except share data

| | Mezzanine Equity | Members' Equity (Deficit) | Class A Common Stock | | Class B Common Stock | | Class X Common Stock | | Additional Paid-in Capital | Retained Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interest | Stockholders'/ Members' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Shares | Amount | Shares | Amount | Shares | Amount | | | | | |
| **Balance at June 30, 2021** | **$ 240,831** | **$ (23,032 )** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,408** | **$ —** | **$ (20,624 )** |
| Net income prior to the Organizational Transactions | — | 15,781 | — | — | — | — | — | — | — | — | — | — | 15,781 |
| Unpaid preferred return on Mezzanine Equity | — | (1,728 ) | — | — | — | — | — | — | — | — | — | — | (1,728 ) |
| Equity-based compensation prior to the Organizational Transactions | — | 862 | — | — | — | — | — | — | — | — | — | — | 862 |
| Accretion of premium on mezzanine equity | 19,169 | (19,169 ) | — | — | — | — | — | — | — | — | — | — | (19,169 ) |
| **RSG LLC equity prior to the Organizational Transactions** | **$ 260,000** | **$ (27,286 )** | **—** | **$ —** | **—** | **$ —** | **—** | **$ —** | **$ —** | **$ —** | **$ 2,408** | **$ —** | **$ (24,878 )** |
| Effect of Common Blocker Merger exchange of LLC units for Class A and Class X common stock | — | (71,874 ) | 20,680,420 | 21 | — | — | 640,784 | 1 | 147,331 | — | — | (75,479 ) | — |
| Exchange of LLC units from Pre-IPO Unitholders for Class A common stock | — | (29,675 ) | 31,992,135 | 32 | — | — | — | — | 59,318 | — | — | (29,675 ) | — |
| Repurchase of Class A common stock in IPO | — | — | (8,224,708 ) | (8 ) | — | — | — | — | (183,608 ) | — | — | — | (183,616 ) |
| Impact of the Participation and related Alternative TRA Payments | — | (29,047 ) | — | — | — | — | — | — | 29,047 | — | — | (761,706 ) | (761,706 ) |
| Equity grant modification and related Alternative TRA Payments | — | — | — | — | — | — | — | — | (18,645 ) | — | — | 12,333 | (6,312 ) |
| Issuance of Class B common stock | — | — | — | — | 149,162,107 | 149 | — | — | (149 ) | — | — | — | — |
| Effect of Preferred Blocker Merger | (260,000 ) | — | - | — | — | — | - | — | 343,515 | — | — | (343,515 ) | — |
| Establishment of deferred tax asset arising from exchanges of LLC units | — | — | — | — | — | — | — | — | 329,000 | — | — | — | 329,000 |
| Establishment of liabilities under tax receivable agreement | — | — | — | — | — | — | (640,784 ) | (1 ) | (282,470 ) | — | — | — | (282,471 ) |
| Establishment of deferred tax asset arising from investment in RSG LLC | — | — | — | — | — | — | — | — | 61,143 | — | — | — | 61,143 |
| Reclassification of pre-IPO Members' Equity | — | 157,882 | — | — | — | — | — | — | (1,627,480 ) | — | — | 1,469,598 | — |
| **Effect of the Organizational Transactions** | **$ (260,000 )** | **$ 27,286** | **44,447,847** | **$ 45** | **149,162,107** | **$ 149** | **—** | **$ —** | **$ (1,142,998 )** | **$ —** | **$ —** | **$ 271,556** | **$ (843,962 )** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Issuance of Class A common stock in the IPO, net of offering costs | — | — | 65,456,020 | 65 | - | — | — | — | 1,448,032 | — | — | — | 1,448,097 |
| Foreign currency translation subsequent to the Organizational Transactions | — | — | - | — | — | — | - | — | — | — | (648 ) | (876 ) | (1,524 ) |
| Equity-based compensation subsequent to the Organizational Transactions | — | — | — | — | — | — | — | — | 22,771 | — | — | 2,965 | 25,736 |
| Net income (loss) subsequent to Organizational Transactions | — | — | — | — | — | — | - | — | — | (17,115 ) | — | (31,256 ) | (48,371 ) |
| **Balance at September 30, 2021** | **$ —** | **$ —** | **109,903,867** | **$ 110** | **149,162,107** | **$ 149** | **—** | **$ —** | **$ 327,805** | **$ (17,115 )** | **$ 1,760** | **$ 242,389** | **$ 555,098** |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

**Ryan Specialty Group Holdings, Inc.**
**Consolidated Statements of Mezzanine Equity and Stockholders'/ Members' Equity (Unaudited)**
All balances presented in thousands

| | Mezzanine Equity | Members' Equity (Deficit) | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interests | Total Members' Equity (Deficit) |
|---|---|---|---|---|---|
| **Balance at January 1, 2020** | **$ 139,644** | **$ (76,244 )** | **$ 864** | **$ (1,109 )** | **$ (76,489 )** |
| Net income (loss) | — | 12,318 | | 1,000 | 13,318 |
| Foreign currency translation adjustments | — | — | 169 | — | 169 |
| Accumulation of preferred dividends (% return), net of tax distributions | — | (2,992 ) | — | — | (2,992 ) |
| Accretion of premium on mezzanine equity | 308 | (308 ) | — | — | (308 ) |
| Related party asset acquisition | — | (3,039 ) | — | — | (3,039 ) |
| Distributions declared—tax advances | — | (12,288 ) | — | — | (12,288 ) |
| Repurchases of Class A units | — | (34,504 ) | — | — | (34,504 ) |
| Equity issued to the Board of Directors | — | 640 | — | — | 640 |
| Equity-based compensation expense | — | 2,041 | — | — | 2,041 |
| **Balance at March 31, 2020** | **$ 139,952** | **$ (114,376 )** | **$ 1,033** | **$ (109 )** | **$ (113,452 )** |
| Net income (loss) | — | 49,941 | — | (54 ) | 49,887 |
| Foreign currency translation adjustments | — | — | 533 | — | 533 |
| Accumulation of preferred dividends (% return), net of tax distributions | — | (3,176 ) | — | — | (3,176 ) |
| Accretion of premium on mezzanine equity | 307 | (307 ) | — | — | (307 ) |
| Distributions declared—tax advances | — | (8,087 ) | — | — | (8,087 ) |
| Repurchases of Class A units | — | (4,652 ) | — | — | (4,652 ) |
| Equity-based compensation expense | — | 1,456 | — | — | 1,456 |
| **Balance at June 30, 2020** | **$ 140,259** | **$ (79,201 )** | **$ 1,566** | **$ (163 )** | **$ (77,798 )** |
| Net income | — | 10,211 | — | 585 | 10,796 |
| Foreign currency translation adjustments | — | — | (1,747 ) | — | (1,747 ) |
| Accretion of premium on mezzanine equity | 405 | (405 ) | — | — | (405 ) |
| Accumulation of preferred dividends (% return) | — | (7,424 ) | — | — | (7,424 ) |
| Contribution to Class A units | — | 111,100 | — | — | 111,100 |
| Contribution to Class B units | 98,372 | 10,649 | — | — | 10,649 |
| Equity issued to related party in exchange for extinguishment of subordinated promissory notes | — | 81,931 | — | — | 81,931 |
| Loss on extinguishment of related party subordinated promissory notes | — | (6,941 ) | — | — | (6,941 ) |
| Distributions declared - tax advances | — | (15,547 ) | — | — | (15,547 ) |
| Repurchases of Class A units | — | (5,355 ) | — | — | (5,355 ) |
| Equity-based compensation expense | — | 2,218 | — | — | 2,218 |
| **Balance at September 30, 2020** | **$ 239,036** | **$ 101,236** | **$ (181 )** | **$ 422** | **$ 101,477** |

See accompanying Notes to the Consolidated Financial Statements (Unaudited)

## 1. Basis of Presentation

***Nature of Operations***

Ryan Specialty Group Holdings, Inc., (the "Company") provides specialty products and solutions for insurance brokers, agents and carriers. This encompasses distribution, underwriting, product development, administration and risk management services by acting as a wholesale broker and a managing underwriter to a wide variety of personal, commercial, industrial, institutional, and governmental organizations through one operating segment, Ryan Specialty. With the exception of the Company's equity method investment, the Company does not take on any underwriting risk.

The Company is headquartered in Chicago, Illinois, and has operations in the United States, Canada, the United Kingdom, and Europe.

***IPO and Reorganization***

The Company was formed as a Delaware corporation on March 5, 2021, for the purpose of completing a public offering and related transactions in order to carry on the business of RSG LLC. On July 26, 2021, the Company completed its IPO of 65,456,020 shares of Class A common stock, $0.001 par value per share, at an offering price of $23.50 per share. The Company received net proceeds of $1,448.1 million after deducting underwriting discounts, commissions and other offering costs. The Company used the proceeds to purchase LLC Common Units from our pre-IPO LLC Unitholders, purchase newly issued LLC Common Units from RSG LLC, acquire the outstanding 260,000,000 Redeemable Preferred Units held by Onex and repurchase shares of Class A common stock from Onex. The Company is now a publicly traded company whose Class A common stock is traded on the New York Stock Exchange under the ticker symbol "RYAN".

In connection with the IPO, the Company completed the following Organizational Transactions which are presented in the "Effect of the Organizational Transactions" in the Statements of Mezzanine Equity and Stockholders'/Members' Equity:

- RSG LLC adopted the Sixth Amended and Restated Limited Liability Company Agreement (the "Sixth LLC Operating Agreement") to, among other things, appoint the Company as the sole managing member of RSG LLC.

- We amended and restated the certificate of incorporation of the Company to, among other things, provide for Class A common stock, Class B common stock and Class X common stock.

- All Class A common units of RSG LLC, including existing units with a participation threshold, were reclassified into an aggregate of 213,693,861 LLC Common Units, and all Class B common units of RSG LLC were reclassified into an aggregate of 20,680,420 LLC Common Units. Upon the completion of this reclassification, subject to certain limited exceptions, all existing holders of LLC Common Units (i) were required to sell 15.0% of their vested interest (inclusive of vested equity grants and purchased equity) in RSG LLC (the "Mandatory Participation") and (ii) had the option to sell up to (x) an additional 10.0% of their vested interest received as an equity grant under compensatory plans or arrangements and (y) 100.0% of their remaining purchased interest, in each case, on a pro rata basis (the "Optional Participation", and, together with the Mandatory Participation, the "Participation").

- The Company engaged in a series of transactions with the entity (the "Common Blocker Entity") through which Onex held its Class B common unit interest in RSG LLC (collectively, the "Common Blocker Mergers") that resulted in Onex exchanging its equity interests in the Common Blocker Entity for 20,680,420 shares of Class A common stock and a right to participate in the TRA through the issuance, subsequent repurchase and cancellation of 640,784 shares of Class X common stock.

- Through a series of internal transactions and after giving effect to the Participation, certain pre-IPO LLC Unitholders, excluding Onex, had their purchased and granted LLC Common Units exchanged into an aggregate of 31,992,135 shares, respectively, of Class A common stock on a one-for-one basis and received TRA alternative payments ("TRA Alternative Payments"). The TRA Alternative Payment amounts were intended to approximate what such LLC Unitholders would have received had their exchange been taxable and provided the Company with additional tax attributes, although these exchanges will not relate to actual tax benefits obtained or to be obtained by the Company.

- The Company repurchased 8,224,708 shares of Class A common stock from Onex that were reissued as part of the IPO.

- The Company purchased the LLC Common Units subject to the Participation for $799.3 million, inclusive of $72.9 million related to TRA Alternative Payments. Of the total TRA Alternative Payments, $37.6 million was attributed to the modification of equity grants discussed below in the exchange of LLC Common Units from pre-IPO Unitholders for Class A common stock. The remaining $35.3 million was treated as a return of capital associated with purchased LLC Common Units.

- Granted incentive LLC Common Units held certain by Pre-IPO Unitholders were exchanged for (i) an aggregate of 11,426,502 restricted shares of Class A common stock ("Restricted Stock") of which 1,349,640 were granted to former employees, (ii) an aggregate of 4,592,319 options to purchase shares of Class A common stock with an exercise price equal to the IPO price of $23.50 ("Reload Options"), (iii) an aggregate of 27,493,192 restricted LLC Common Units ("Restricted Common Units") and (iv) an aggregate of 3,911,490 Class C Incentive Units with a participation threshold equal to the IPO price of $23.50 ("Reload Class C Incentive Units"), collectively, the "Replacement Awards". This exchange was considered a modification of the pre-IPO equity awards at the IPO date as a result of the change in terms and conditions of the existing awards and the issuance of new options and profits interests with different vesting schedules than the exchanged awards. This modification resulted in the remeasurement of the incentive grants in accordance with ASC 718*, Compensation- Stock Compensation* ("ASC 718"). The TRA Alternative Payments of $37.6 million attributed to employees who exchanged their granted units into Restricted Stock were treated as a cash settlement of a portion of the existing awards, and therefore, were included in the post-IPO value for determining the incremental expense in the modification. The equity impact of the modification, including cash settlement, was ($18.6) million and $12.3 million to Additional Paid-in Capital and Non-controlling interests, respectively. The remaining unamortized fair value of the awards will be recognized as equity-based compensation allocated on a relative fair value basis over the remaining service periods.

- The Company issued an aggregate of 8,066,349 equity awards, including (i) an aggregate of 66,667 staking options to purchase Class A common stock with an exercise price equal to the IPO price of $23.50 ("Staking Options"), (ii) an aggregate of 4,339,738 restricted stock units of the Company which vest into shares of Class A common stock ("Restricted Stock Units" or "RSU"), (iii) an aggregate of 2,116,667 staking Class C Incentive Units with a participation threshold equal to the IPO price of $23.50 ("Staking Class C Incentive Units"), and (iv) an aggregate of 1,543,277 restricted LLC units ("Restricted LLC Units" or "RLU") which vest into LLC Common Units, in each case, issued to certain employees in connection with the IPO as IPO awards and are subject to vesting.

- The Company issued 149,162,107 shares of Class B common stock to the LLC Unitholders, on a one-to-one basis with the number of LLC Common Units each LLC Unitholder owned upon the consummation of the Organizational Transactions (after the Participation), for nominal consideration of $0.1 million. Shares of Class B common stock were not issued to the LLC Unitholders with respect to the Class C Incentive Units.

- The Company acquired the entity (the "Preferred Blocker Entity") through which Onex held its preferred unit interest of 260,000,000 Redeemable Preferred Units in RSG LLC for $343.2 million, net of cash acquired.

- The Company entered into a TRA with certain pre-IPO LLC Unitholders whereby the Company agreed to pay to such LLC Unitholders 85% of the benefits that the Company realizes from increases in the tax basis of the assets of RSG LLC resulting from purchases or exchanges of LLC Units, tax amortization deductions attributable to asset acquisitions that closed prior to the IPO, and certain tax benefits attributable to payments that the Company is required to make under the TRA. In addition, with respect to the holders of LLC Common Units who either sold 100% of their LLC Common Units in connection with the IPO or had their LLC Common Units (after giving effect to the Participation) exchanged for shares of Class A common stock on a one-for-one basis in the Organizational Transactions, such holders received a TRA Alternative Payment of $72.9 million.

- The Company has recorded a $329.0 million deferred tax asset which is comprised of $234.0 million related to benefits from future deductions attributable to the TRA and $95.0 million related to benefits from future deductions attributable to TRA Alternative Payments and purchase of LLC Units from certain holders that received TRA Alternative Payments.

- The Company has recorded Tax receivable agreement liabilities in the Consolidated Balance Sheets for the amount of $282.5 million associated with the payments to be made to pre-IPO Unitholders subject to the TRA.

- Additionally, the Company has recorded a $61.1 million deferred tax asset related to temporary differences in the book basis as compared to the tax basis of its investment in RSG LLC.

New RSG Holdings was formed as a Delaware limited liability company on April 20, 2021, for the purpose of becoming, subsequent to our IPO, an intermediate holding company between Ryan Specialty Group Holdings, Inc., and RSG LLC. The Company is the sole

managing member of New RSG Holdings. Pursuant to contribution agreements, on September 30, 2021, the Company, the non-controlling interest LLC Unitholders, and New RSG Holdings exchanged equity interests in RSG LLC for LLC Common Units in New RSG Holdings, with the intent that New RSG Holdings be the new holding company for RSG LLC interests. At that time RSG LLC adopted the LLC Operating Agreement and New RSG Holdings adopted the New RSG Holdings LLC Operating Agreement. As a result, the Company is a holding company, with its sole material asset being a controlling equity interest in New RSG Holdings, which became a holding company with its sole material asset being a controlling equity interest in RSG LLC. The Company will operate and control the business and affairs, and consolidate the financial results, of RSG LLC through New RSG Holdings and, through RSG LLC, conduct our business. Accordingly, the Company consolidates the financial results of New RSG Holdings, and therefore RSG LLC, and reports the non-controlling interests of New RSG Holdings' LLC Common Units on its consolidated financial statements. As of September 30, 2021, the Company owned 42.4% of the outstanding LLC Common Units of New RSG Holdings, and New RSG Holdings owned 99.9% of the outstanding LLC Common Units of RSG LLC. The remaining 0.1% of the outstanding LLC Common Units of RSG LLC were owned by a subsidiary of the Company. As RSG LLC is substantively the same as New RSG Holdings, for the purpose of this document, we will refer to both New RSG Holdings and RSG LLC as "RSG LLC".

***Basis of Presentation***

The accompanying unaudited consolidated interim financial statements and notes thereto have been prepared in accordance with U.S. GAAP. The unaudited consolidated financial statements include the Company's accounts and those of all controlled subsidiaries. Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC for interim financial information. These consolidated interim financial statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the prospectus dated July 21, 2021, filed with the SEC in accordance with the Securities Act on July 23, 2021. Interim results are not necessarily indicative of results for the full fiscal year due to seasonality and other factors.

Intercompany accounts and transactions have been eliminated. In the opinion of management, the consolidated interim financial statements include all normal recurring adjustments necessary to present fairly the Company's consolidated financial position, results of operations, and cash flows for all periods presented.

***Principles of Consolidation***

The consolidated interim financial statements include the accounts of the Company and its subsidiaries that it controls due to ownership of a majority voting interest or pursuant to variable interest entity ("VIE") accounting guidance. All intercompany transactions and balances have been eliminated in consolidation.

The Company, through our intermediate holding company New RSG Holdings, owns a minority economic interest in, and operates and controls the businesses and affairs of, RSG LLC. The Company has the obligation to absorb losses of, and receive benefits from, RSG LLC, that could be significant. We determined that, as a result of the Organizational Transactions described above, the Company is the primary beneficiary of RSG LLC and RSG LLC is a VIE. Further, the Company has no contractual requirement to provide financial support to RSG LLC. Accordingly, the Company has prepared these consolidated financial statements in accordance with Accounting Standards Codification ("ASC") 810, *Consolidation* ("ASC 810"). ASC 810 requires that if an entity is the primary beneficiary of a VIE, the assets, liabilities, and results of operations of the VIE should be included in the consolidated financial statements of such entity.

The Organizational Transactions were considered to be transactions between entities under common control. The historical operations of RSG LLC are deemed to be those of the Company. Thus, the financial statements included in this report reflect (i) the historical operating results of RSG LLC prior to the IPO and Organizational Transactions; (ii) the consolidated results of Ryan Specialty Group Holdings, Inc. and RSG LLC following the IPO and Organizational Transactions; and (iii) the assets and liabilities of Ryan Specialty Group Holdings, Inc. and RSG LLC at their historical cost. No step-up basis of intangible assets or goodwill was recorded.

***Use of Estimates***

The preparation of the consolidated interim financial statements and notes thereto requires management to make estimates, judgements, and assumptions that affect the amounts reported in the consolidated interim financial statements and in the notes thereto. Such estimates and assumptions could change in the future as circumstances change or more information becomes available, which could affect the amounts reported and disclosed herein.

***Impact of COVID-19***

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of a respiratory illness caused by the coronavirus, COVID-19. Related impacts and disruptions continue to be experienced in the geographical areas in which the Company operates, and the ultimate duration and intensity of this global health emergency continues to be unclear. There is still

significant uncertainty related to the economic outcomes from the ongoing COVID-19 pandemic. Given the dynamic nature of the emergency and its global consequences, its ultimate impact on the Company's operations, cash flows, and financial condition cannot be reasonably estimated at this time.

**2.Summary of Select Significant Accounting Policies**

Included below are select significant accounting policies that were added or modified during the three and nine months ended September 30, 2021 as a result of our IPO and Organizational Transactions. Refer to Note 2, *Summary of Significant Accounting Policies*, to our audited consolidated financial statements included in our IPO Prospectus.

***Equity-based Compensation***

The Company issues equity-based awards to employees in the form of Restricted Stock, Restricted Stock Units, Stock Options, Restricted Common Units, Restricted LLC Units, and Class C Incentive Units. Prior to the IPO, equity-based awards of RSG LLC consisted of profits interests. Compensation cost for equity awards is measured at the grant date fair value. The grant date fair value of Stock Options is estimated using the Black-Scholes option pricing model, and the grant date fair value of the Restricted Common Units, RLUs, and Class C Incentive Units is estimated using a Monte Carlo simulation based pricing model. These pricing models require management to make assumptions with respect to the fair value of the equity awards on the grant date, including the expected term of the award, the expected volatility of the Company's stock based on a period of time generally commensurate with the expected term of the award, risk-free interest rates and expected dividend yields of the Company's Class A common stock, among other items including the Company's Class A common stock price and taxable income forecasts. These assumptions reflect the Company's best estimates, but they involve inherent uncertainties based on market conditions generally outside the control of the Company. As a result, if other assumptions are used, compensation cost could be materially impacted.

For periods prior to the Company's IPO, the grant date fair value of equity-based awards was determined on each grant date using a Black-Scholes option pricing model, as profits interests have certain economic similarities to options. As the Company's equity was not publicly traded, there was no history of market prices for the Company's equity. Thus, estimating grant date fair value required the Company to make assumptions, including the value of the Company's equity, expected time to liquidity, and expected volatility.

The Company accounts for equity-based compensation in accordance with ASC 718. In accordance with ASC 718, compensation expense is measured at estimated fair value of the equity-based awards and is expensed over the vesting period during which an employee provides service in exchange for the award. Compensation expense is recognized using the graded vesting attribution method and forfeitures are accounted for as they occur.

Equity-based compensation expense is recorded in Compensation and benefits on the Consolidated Statements of Income. See Note 12, *Equity-based Compensation*, for additional information on the Company's equity-based compensation awards.

***Earnings (Loss) per Share***

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to the Company by the number of weighted average shares of Class A common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing net earnings (loss) attributable to the Company by the number of weighted-average shares of Class A common stock outstanding during the period after adjusting for the impact of securities that would have a dilutive effect on earnings (loss) per share. See Note 13, *Loss Per Share* for additional information on dilutive securities.

All earnings (loss) for the period prior to the IPO were entirely allocable to RSG LLC and its historic non-controlling interest. Due to the impact of the Organizational Transactions, the Company's capital structure for the pre- and post-IPO periods is not comparable. As a result, the presentation of earnings (loss) per share for the periods prior to the IPO and Organizational Transactions is not meaningful and only earnings (loss) per share for periods subsequent to the IPO and Organizational Transactions are presented herein.

***Non-controlling Interest***

As noted above, the Company consolidates the financial results of RSG LLC. Therefore, we report a non-controlling interest based on the LLC Common Units not owned by the Company on our Consolidated Balance Sheets. Income or loss is attributed to the non-controlling interests based on the weighted average LLC Common Units outstanding during the period and is presented on the Consolidated Statements of Income and Comprehensive Income. Refer to Note 10, *Stockholders' and Members' Equity* for more information.

The non-controlling interest holders may, subject to certain exceptions, from time to time, at each of their options, require New RSG Holdings to redeem all or a portion of their LLC Common Units in exchange for, at the Company's election (determined by a majority of the Company's directors who are disinterested), newly-issued shares of our Class A common stock on a one-for-one basis, or cash,

only to the extent that the Company has received cash proceeds pursuant to a secondary offering. In accordance with the terms of the New RSG Holdings LLC Operating Agreement, any cash payment would equal a volume weighted average market price of one share of the Company's Class A common stock for each LLC Common Unit so redeemed. As any redemption settled in cash would be limited to proceeds received from the sale of new permanent equity securities, the Non-controlling interest is classified as permanent equity on the Consolidated Balance Sheets.

***Income Taxes***

The Company accounts for income taxes under the asset and liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and deferred tax liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that it is believed that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. A valuation allowance is provided if it is determined that it is more likely than not that the deferred tax asset will not be realized.

The Company evaluates and accounts for uncertain tax positions in accordance with ASC 740 *Income Taxes* using a two-step approach. Recognition (step one) occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustainable upon examination. Measurement (step two) determines the amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Derecognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more likely-than-not threshold of being sustained. The Company records interest (and penalties where applicable), net of any applicable related income tax benefit, on potential income tax contingencies as a component of Income tax expense in the Consolidated Statements of Income.

The holders of the LLC Common Units, including the Company, incur U.S. federal, state and local income taxes on their share of any taxable income of RSG LLC. The LLC Operating Agreement provides for pro rata cash distributions (tax distributions) to the holders of the LLC Common Units in an amount generally calculated to provide each holder of LLC Common Units with sufficient cash to cover their tax liability in respect of the LLC Common Units. In general, these tax distributions are computed based on RSG LLCs estimated taxable income, multiplied by an assumed tax rate as set forth in the LLC Operating Agreement.

***Tax Receivable Agreement (TRA)***

In connection with the Organizational Transactions and IPO, the Company entered into a TRA with certain LLC Unitholders and Onex that will provide for the payment of 85% of the amount of cash savings, if any, in U.S. federal, state and local income taxes we actually realize (or, under certain circumstances are deemed to realize) from increases in the tax basis of the assets of RSG LLC resulting from purchases or exchanges of LLC Units, tax amortization deductions attributable to asset acquisitions that closed prior to the IPO, and certain tax benefits attributable to payments that the Company is required to make under the TRA.

The Company accounts for amounts payable under the TRA in accordance with ASC Topic 450, *Contingencies*. The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future. Actual tax benefits realized by the Company may differ from tax benefits calculated under the TRA as a result of the use of certain assumptions in the agreement. Any such changes in these factors or changes in the Company's determination of the need for a valuation allowance related to the tax benefits acquired under the TRA could adjust the Tax receivable agreement liabilities recognized on the Consolidated Balance Sheets. Subsequent changes in the fair value of the Tax receivable agreement liabilities between reporting periods, as well as any interest accrued on the TRA between the Company's annual tax filing date and the TRA payment date, are recognized in the Consolidated Statements of Income.

In the event of an early termination of the TRA, either at the Company's election or due to a change of control, the Company is required to pay to each holder of the TRA an early termination payment equal to the discounted present value of all unpaid TRA Payments.

***Recently Issued Accounting Pronouncements***

*New Accounting Pronouncements Recently Adopted*

The following reflect recent accounting pronouncements that have been adopted by the Company. The Company qualifies as an emerging growth company and has elected not to use the extended transition period for complying with any new or revised financial accounting standards and therefore adopts accounting pronouncements under public business entity adoption dates.

In October 2020, the FASB issued ASU 2020-10 *Codification Improvements*. This ASU was issued to address a wide variety of topics in the Accounting Standard Codification with the intent to make the Codification easier to understand and apply by eliminating inconsistencies and providing clarifications. For public companies, the amendment is effective for fiscal years beginning after December 15, 2020, and interim periods therein. The Company adopted the new guidance as of January 1, 2021 with no material impact to the consolidated financial statements or disclosures.

In May 2021, the FASB issued ASU 2021-04 *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options.* This ASU clarifies an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. Specifically, it provides a principles-based framework to determine whether an issuer should recognize the modification or exchange as an adjustment to equity or an expense. For public companies, the amendment is effective for fiscal years beginning after December 15, 2021, and interim periods therein. Early adoption is permitted, including during interim periods. The Company adopted the new guidance as of January 1, 2021 with no material impact to the consolidated financial statements or disclosures.

## 3. Revenue from Contracts with Customers

***Disaggregation of Revenue***

The following table summarizes revenue from contracts with customers by specialty:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Wholesale brokerage | $ 229,146 | $ 154,484 | $ 676,229 | $ 460,706 |
| Binding authorities | 52,795 | 36,130 | 161,436 | 101,837 |
| Underwriting management | 70,669 | 46,069 | 216,135 | 127,290 |
| **Total Net commissions and fees** | **$ 352,610** | **$ 236,683** | **$ 1,053,800** | **$ 689,833** |

***Contract Assets Balances***

Contract assets, which arise from the Company's volume-based commissions, are included within Commissions and fees receivable – net in the Consolidated Balance Sheets. The contract asset balance as of September 30, 2021 and December 31, 2020 was $6.0 million and $6.7 million, respectively. For contract assets, payment is typically due within one year of the completed performance obligation. No contract liabilities were recognized as of September 30, 2021 or December 31, 2020.

## 4. Merger and Acquisition Activity

***Acquisition Activity***

As part of the Organizational Transactions on July 21, 2021, the Company acquired the Preferred Blocker Entity, the entity through which Onex held its preferred interest of 260,000,000 Redeemable Preferred Units and an $83.5 million asset equal to the unpaid preferred return and value of the make-whole provision, for cash consideration of $343.2 million net of cash acquired. RSG LLC converted the acquired preferred interest into 14,617,675 LLC Common Units that were then issued to the Company.

As part of the Organizational Transactions on July 21, 2021, the Company acquired the Common Blocker Entity, the entity through which Onex held its pre-IPO common interest in Class B common units of RSG LLC in exchange for 20,680,420 shares of Class A common stock and a right to participate in the TRA through the issuance and subsequent repurchase and retirement of 640,784 shares of Class X common stock.

The acquisitions of the Preferred Blocker Entity and Common Blocker Entity were accounted for as asset acquisitions.

On March 31, 2021, the Company acquired the remaining outstanding 53% of the common units in Ryan Re, making Ryan Re a wholly owned subsidiary. Refer to Note 19, *Related Parties.*

On September 1, 2020, the Company acquired All Risks. Prior to the acquisition, All Risks was an independently owned wholesale insurance brokerage, binding, and underwriting operation headquartered in Delray Beach, Florida.

As of September 30, 2021, the Company has not recognized any impairments of acquired goodwill and other intangible assets.

***Contingent Consideration***

The Company recognizes losses for changes in fair value of estimated contingent consideration within Change in contingent consideration on the Consolidated Statements of Income. The Company also recognizes interest expense for accretion of the discount on these liabilities, which is recognized within Interest expense on the Consolidated Statements of Income. The table below summarizes the change in contingent consideration and interest expense related to contingent consideration liabilities for the three and nine months ended September 30, 2021 and 2020:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Change in contingent consideration | $ 43 | $ (35) | $ 2,356 | $ 997 |
| Interest expense | 225 | 282 | 624 | 869 |
| **Total** | **$ 268** | **$ 247** | **$ 2,980** | **$ 1,866** |

The current portion of the fair value of contingent consideration was $14.1 million and $5.5 million as of September 30, 2021 and December 31, 2020, respectively, and was recorded in Accounts payable and accrued liabilities on the Consolidated Balance Sheets. The non-current portion of the fair value of the contingent consideration was $5.3 million and $16.6 million as of September 30, 2021 and December 31, 2020, respectively, and was recorded in Other non-current liabilities in the Consolidated Balance Sheets. The aggregate amount of maximum contingent consideration obligation related to acquisitions was $89.2 million and $102.4 million as of September 30, 2021 and December 31, 2020, respectively.

## 5. Restructuring

During 2020, the Company initiated a restructuring plan in conjunction with the All Risks Acquisition, to reduce costs and increase efficiencies. The restructuring plan is expected to generate annual savings of $25.0 million when it is fully actioned by June 30, 2022.

This plan involves restructuring costs beginning on July 1, 2020, primarily consisting of employee termination benefits and retention costs. The restructuring plan also includes charges for consolidating leased office space, as well as other professional fees. Restructuring costs incurred for the three and nine months ended September 30, 2021 were $3.2 million and $13.1 million, respectively, and cumulative restructuring costs incurred since the inception of the program were $24.0 million as of September 30, 2021. The Company expects to incur total restructuring costs in the range of $30.0 million to $35.0 million, with run-rate savings expected to be realized by June 30, 2023.

The table below presents the restructuring expense incurred in the three and nine months ended September 30, 2021:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Compensation and benefits | $ 895 | $ 2,975 | $ 9,246 | $ 2,975 |
| Occupancy and other costs[(1)] | 2,281 | 45 | 3,893 | 45 |
| **Total** | **$ 3,176** | **$ 3,020** | **$ 13,139** | **$ 3,020** |

(1) Occupancy and other costs are included within General and administrative expenses within the Consolidated Statements of Income

The table below presents a summary of changes in the restructuring liability from December 31, 2020 through September 30, 2021:

| | Compensation and Benefits | Occupancy and Other Costs | Total |
|---|---|---|---|
| **Balance as of December 31, 2020** | **$ 7,049** | **$ —** | **$ 7,049** |
| Accrued costs | 9,246 | 3,893 | **13,139** |
| Payments | (16,281) | (3,893) | **(20,174)** |
| **Balance as of September 30, 2021** | **$ 14** | **$ —** | **$ 14** |

## 6. Receivables and Current Assets

***Receivables***

The Company had receivables of $171.9 million and $177.7 million outstanding as of September 30, 2021 and December 31, 2020, respectively, which were recognized within Commissions and fees receivable—net in the Consolidated Balance Sheets. Commission and fees receivable is net of an allowance for credit losses.

***Allowance for Credit Losses***

The Company's allowance for credit losses with respect to receivables is based on a combination of factors, including evaluation of historical write-offs, current economic conditions, aging of balances, and other qualitative and quantitative analyses.

The following table provides a rollforward of the Company's allowance for expected credit losses:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Beginning of period** | **$ 2,934** | **$ 1,571** | **$ 2,916** | **$ 1,555** |
| Write-offs | (532 ) | — | (2,085 ) | (472 ) |
| Increase in provision | 107 | 711 | 1,678 | 1,199 |
| **End of period** | **$ 2,509** | **$ 2,282** | **$ 2,509** | **$ 2,282** |

***Other Current Assets***

Major classes of other current assets consist of the following:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Prepaid expenses | $ 19,980 | $ 11,973 |
| Service receivables[(1)] | 435 | 508 |
| Deferred offering costs[(2)] | — | 1,459 |
| Other current receivables | 624 | 1,131 |
| **Total other current assets** | **$ 21,039** | **$ 15,071** |

(1) Service receivables contain receivables from Geneva Re, Ltd. Further information regarding related parties is detailed in Note 19, *Related Parties.*

(2) Deferred offering costs consist of legal, accounting, and other fees related to the IPO. Deferred offering costs totaling $13.2 million were offset against the proceeds upon the completion of the IPO in July 2021. Total offering costs related to the IPO were $90.1 million, including these deferred offering costs and the underwriting discount.

## 7. Fiduciary Assets and Liabilities

The Company recognizes fiduciary amounts due to others as Fiduciary liabilities and fiduciary amounts collectible and held on behalf of others, including insurance policyholders, clients, other insurance intermediaries, and insurance carriers, as Fiduciary assets in the Company's Consolidated Balance Sheets. Cash and cash equivalents held in excess of the amount required to meet the Company's fiduciary obligations are recognized as Cash and cash equivalents in the Consolidated Balance Sheets. The Company held or was owed fiduciary funds for premiums and claims of $1,916.6 million and $1,978.2 million at September 30, 2021 and December 31, 2020, respectively.

**8. Leases**

The Company has various non-cancelable operating leases with various terms through July 2031 primarily for office space and office equipment.

The lease costs for the nine months ended September 30, 2021 and 2020 were as follows:

| | Nine months ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| **Lease cost:** | | |
| Operating lease cost | $ 18,015 | $ 13,492 |
| Finance lease costs: | | |
| Amortization of leased assets | 124 | 57 |
| Interest on lease liabilities | 3 | 2 |
| Short term lease costs: | | |
| Operating lease cost | 384 | 462 |
| Finance lease cost | | |
| Amortization of leased assets | 7 | 5 |
| Interest on lease liabilities | 1 | — |
| Sublease income | (292 ) | (265 ) |
| **Lease cost – net** | **$ 18,242** | **$ 13,753** |
| | | |
| **Cash paid for amounts included in the measurement of lease liabilities** | | |
| Operating cash flows from operating leases | $ 19,615 | $ 11,352 |
| Operating cash flows from finance leases | 134 | 38 |
| **Non-cash related activities** | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 2,294 | 4,734 |
| Right-of-use assets obtained in exchange for new finance lease liabilities | — | — |
| **Weighted average discount rate (percent)** | | |
| Operating leases | 3.75 | 3.69 |
| Finance leases | 3.10 | 2.93 |
| **Weighted average remaining lease term (years)** | | |
| Operating leases | 6.0 | 5.7 |
| Finance leases | 2.7 | 1.9 |

Supplemental balance sheet information related to Lease right-of-use assets:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Right-of-use assets – operating leases – net | $ 80,177 | $ 93,715 |
| Right-of-use assets – finance leases – net | 118 | 226 |
| **Total lease right-of-use assets – net** | **$ 80,295** | **$ 93,941** |

Supplemental balance sheet information related to lease liabilities:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| Current lease liabilities | | |
| Operating | $ 18,811 | $ 19,880 |
| Finance | 51 | 147 |
| Non-current lease liabilities | | |
| Operating | 69,928 | 83,737 |
| Finance | 66 | 78 |
| **Total lease liabilities** | **$ 88,856** | **$ 103,842** |

The estimated future minimum payments of operating and financing leases as of September 30, 2021:

| | Finance Leases | Operating Leases |
|---|---|---|
| The remainder of 2021 | $ 22 | $ 4,348 |
| 2022 | 41 | 22,032 |
| 2023 | 37 | 17,518 |
| 2024 | 18 | 13,970 |
| 2025 | 4 | 10,864 |
| Thereafter | — | 31,263 |
| **Total undiscounted future lease payments** | **$ 122** | **$ 99,995** |
| Less imputed interest | (5 ) | (11,256 ) |
| **Present value lease liabilities** | **$ 117** | **$ 88,739** |

Average annual sublease income for the next eight years is $0.3 million. The Company has eight leases with inception dates prior to September 30, 2021 that have not yet commenced as of September 30, 2021, for a total future estimated lease liability of $105.5 million.

## 9. Debt

Substantially all of the Company's debt is carried at outstanding principal balance, less debt issuance costs and any unamortized discount or premium. To the extent that the Company modifies the debt arrangements, all unamortized costs from borrowings are deferred and amortized over the term of the new arrangement, where applicable.

The following table is a summary of the Company's outstanding debt:

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| **Term debt** | | |
| 7-year term loan facility, periodic interest and quarterly principal payments, LIBOR + 3.0% as of September 30, 2021, LIBOR + 3.25% as of December 31, 2020, expires September 1, 2027 | $ 1,580,851 | $ 1,578,930 |
| **Revolving debt** | | |
| 5-year revolving loan facility, periodic interest payments, LIBOR + up to 3.0% as of September 30, 2021, LIBOR + up to 3.25% as of December 31, 2020, plus commitment fees up to 0.50%, expires July 26, 2026 | 333 | 15 |
| **Premium financing notes** | | |
| Commercial notes, periodic interest and principal payments, 2.50%, expired June 1, 2021 | — | 1,951 |
| Commercial notes, periodic interest and principal payments, 1.66%, expire June 1, 2022 | 2,891 | — |
| Commercial notes, periodic interest and principal payments, 1.66%, expire July 15, 2022 | 877 | — |
| Commercial notes, periodic interest and principal payments, 1.66%, expire July 21, 2022 | 5,947 | — |
| **Finance lease obligation** | 117 | 225 |
| **Unsecured promissory notes** | — | 363 |
| **Units subject to mandatory redemption** | 4,163 | 3,866 |
| **Total debt** | **$ 1,595,179** | **$ 1,585,350** |
| Less current portion | (26,769 ) | (19,158 ) |
| **Long term debt** | **$ 1,568,410** | **$ 1,566,192** |

***Term Loan***

In the first quarter of 2021, the Company closed on a repricing of the 2020 credit facility in order to obtain a lower interest rate, while no other terms changed. Several lenders opted to not participate in the repricing. The debt related to the lenders that opted out of the repricing was considered extinguished and the fees related to those lenders were written off as of the end of the first quarter. The amount of fees written off was $8.6 million.

The original principal of the term loan was $1,650.0 million. As of September 30, 2021, $1,633.5 million of the principal was outstanding and $0.2 million of interest was accrued. Unamortized deferred issuance costs on the term loan were $52.8 million as of September 30, 2021.

***Revolving Credit Facility***

In connection with the closing of the IPO, effective July 26, 2021, the Company modified the terms of its revolving credit facility, increasing the commitments from $300.0 million to $600.0 million, as well as decreasing the established borrowing margins on outstanding balances by 0.25%. The modification also extended the expiration date of the facility to five years from the effective date. An additional $1.1 million of deferred issuance costs related to new lenders in connection with the increase will be amortized over the five year term of the facility. As the revolving credit facility had not been drawn on as of September 30, 2021, the deferred issuance costs related to the facility are included in Other non-current assets in the Consolidated Balance Sheets. As of September 30, 2021, the Company accrued $0.3 million of unpaid commitment fees related to the revolving credit facility included in Short-term debt and current portion of long-term debt in the Consolidated Balance Sheets.

**10. Stockholders' and Members' Equity**

***RSG LLC Equity Structure***

Prior to the Organizational Transactions and the IPO, RSG LLC had issued and outstanding Class A common units, Class B common units, preferred units, and redeemable preferred units. As part of the Organizational Transactions, the Class A common units and the Class B common units were exchanged for 234,374,281 LLC Common Units.

As described in Note 4, *Merger and Acquisitions Activity*, the Company acquired the Preferred Blocker Entity through which Onex held its preferred unit interest in RSG LLC. The 260,000,000 Redeemable Preferred Units of RSG LLC owned by the Preferred Blocker Entity were converted through a series of transactions to 14,617,675 LLC Common Units immediately after the acquisition.

Substantially concurrent with the IPO, RSG LLC repurchased 74,990,000 preferred units from the Founder Group for $78.3 million, which reflects the par value of $75.0 million plus unpaid accrued preferred dividends.

***Ryan Specialty Group Holdings, Inc. Equity Structure***

In connection with the Company’s IPO in July 2021, the Company’s Board of Directors approved an amended and restated certificate of incorporation and amended and restated bylaws. The amended and restated certificate of incorporation authorizes the issuance of up to 1,000,000,000 shares of Class A common stock, 1,000,000,000 shares of Class B common stock, and 10,000,000 shares of Class X common stock, each having a par value of $0.001 per share.

The Company’s amended and restated certificate of incorporation and the New RSG Holdings LLC Operating Agreement require that the Company and RSG LLC at all times maintain a one-to-one ratio between the number of shares of Class A common stock issued by the Company and the number of LLC Common Units owned by the Company, except as otherwise determined by the Company.

*Class A and Class B Common Stock*

Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is initially entitled to 10 votes per share and, upon the occurrence of certain events, shall be entitled to one vote per share. All holders of Class A common stock and Class B common stock vote together as a single class except as otherwise required by applicable law or our amended and restated certificate of incorporation.

In accordance with the New RSG Holdings LLC Operating Agreement, the LLC Unitholders will be entitled to exchange LLC Common Units for shares of Class A common stock determined in accordance with the LLC Operating Agreement or, at the Company's election, for cash from a substantially concurrent public offering or private sale (based on the price of our Class A common stock in such public offering or private sale). The LLC Unitholders will also be required to deliver to us an equivalent number of shares of Class B common stock to effectuate such an exchange. Any shares of Class B common stock so delivered will be canceled.

Holders of Class B common stock do not have any right to receive dividends or distributions upon the liquidation or winding up of the Company.

*Class X Common Stock*

As described in Note 4, *Merger and Acquisitions Activity*, the Company acquired the Common Blocker Entity, the entity through which Onex held its Class B common unit interest in RSG LLC. Through the acquisition, Onex exchanged its equity interests in the Common Blocker Entity for 20,680,420 shares of Class A common stock and a right to participate in the TRA. The Company issued 640,784 shares of Class X common stock to Onex, which were immediately repurchased and cancelled, as a mechanism for Onex to

participate in the TRA. The shares of Class X common stock have no economic or voting rights. As of September 30, 2021, there were no shares of Class X common stock outstanding.

*Preferred Stock*

As of September 30, 2021, there are no shares of preferred stock outstanding. Under the terms of our amended and restated certificate of incorporation, our Board is authorized to direct us to issue shares of preferred stock in one or more series without shareholder approval. Our Board has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

*Dividends*

No dividends were declared or payable as of September 30, 2021.

*Non-controlling Interest*

In connection with the IPO and the Organizational Transactions, the Company became the sole managing member of RSG LLC. As a result, the Company began consolidating RSG LLC in its consolidated financial statements, resulting in a non-controlling interest related to the LLC Common Units not held by the Company on the consolidated financial statements. The non-controlling interest previously recognized in RSG LLC's historical consolidated financial statements represented RSG LLC's equity interests in an underlying subsidiary. As of September 30, 2021, the Company owned 109,903,867 LLC Common Units, while the non-controlling interest holders owned 149,162,107 LLC Common Units. The weighted average ownership percentages for the applicable reporting periods are used to attribute net income to the Company and the non-controlling interest holders. The non-controlling interest holders' weighted average ownership percentage from the date of the IPO through September 30, 2021 was 57.5%.

**11. Redeemable Preferred Units**

Prior to the Organizational Transactions and IPO, the Company had 260,000,000 Redeemable Preferred Units issued and outstanding, which was unchanged from December 31, 2020.

As defined in the related purchase agreements with Onex (the “Onex Purchase Agreements”), the Company had the option, but not the requirement, to repurchase up to 100% of the 260,000,000 Redeemable Preferred Units issued to Onex at any time. If the option was exercised before the fifth anniversary of each issuance, the redemption price would be subject to a make-whole provision set forth in the terms of the Onex Purchase Agreements. Onex had the right to cause the Company to repurchase up to 100% of the Redeemable Preferred Units after the tenth anniversary of each issuance for any unpaid preferred return and unreturned capital. Additionally, the Onex Purchase Agreements required a redemption (“Mandatory Redemption”) of the Redeemable Preferred Units upon the occurrence of a realization event, which, as defined, includes a Qualified Public Offering. Where a Mandatory Redemption was required prior to the fifth anniversary of an issuance, the redemption price was subject to a make-whole provision.

The Company determined that the Mandatory Redemption feature must be accounted for separately from the Redeemable Preferred Units par value as a derivative liability in accordance with ASC 815 *Derivatives and Hedging*. These embedded derivatives were accounted for on a combined basis separately from the Redeemable Preferred Units and were recorded at fair value. As the put option exercisable after the tenth anniversary of the issuance was at the option of the unitholder, but was not mandatorily redeemable, the Redeemable Preferred Units were classified as mezzanine equity and were initially recognized at relative fair value.

The difference between the redemption value of the Redeemable Preferred Units and the carrying value was intended to accrete over the ten year period from the date of issuance using the effective interest method. The accretion was treated as a deemed dividend and was recorded as a charge to retained earnings. The cumulative accretion immediately prior to the IPO and as of December 31, 2020 was $23.9 million and $3.6 million, respectively, resulting in adjusted Redeemable Preferred Unit carrying values of $260.0 million and $239.6 million, respectively. Dividend payments on the Redeemable Preferred Units were accrued and deferred at the option of the Board of Directors. Unpaid preferred dividends of $16.2 million and $9.5 million were recorded in Accounts payable and accrued liabilities immediately prior to the IPO and as of December 31, 2020, respectively. As the Company's IPO in July 2021 was a realization event triggering the payment to Onex of the make-whole provision, any unpaid preferred dividends, and the unpaid capital, resulted in no amounts outstanding related to these balances in the Consolidated Balance Sheets as of September 30, 2021. The Company paid $7.0 million and $6.4 million of preferred dividends inclusive of state tax payments and distributions to Onex in the nine months ended September 30, 2021 and the year ended December 31, 2020, respectively.

The fair value of the Redeemable Preferred Unit make-whole provisions immediately prior to the IPO was $67.3 million, and $0.0 million and $30.4 million at September 30, 2021 and December 31, 2020, respectively. Refer to Note 17, *Fair Value Measurements*.

**12. Equity-based Compensation**

Substantially concurrent with the IPO, the Company's Board of Directors adopted the Ryan Specialty Group Holdings, Inc. 2021 Omnibus Incentive Plan (the "Omnibus Plan"). The Omnibus Plan provides for potential grants of the following awards: (i) stock options, (ii) stock appreciation rights, (iii) restricted stock awards; (iv) performance awards, (v) other stock-based awards, (vi) other cash-based awards, and (vii) analogous equity awards made in equity of RSG LLC.

As a result of the Organizational Transactions, pre-IPO holders of RSG LLC Class A common units that were granted as incentive awards, which had historically been classified as equity and vested pro rata over five years, were required to exchange their units for one or more of the following: (i) Restricted Stock, (ii) Reload Options, (iii) Restricted Common Units, or (iv) Reload Class C Incentive Units, collectively, the Replacement Awards. The reload awards were issued to employees in order to protect against the dilution of their existing awards upon exchange to the new awards.

Separately, certain employees were granted one or more of the following new awards: (i) Restricted Stock Units, (ii) Staking Options, (iii) Restricted LLC Units, or (iv) Staking Class C Incentive Units.

The Restricted Stock and Restricted Common Units are referred to as "restricted" for either (i) the lock-up period ("Lock-up Period" as defined by the Omnibus Plan) as it relates to the Company's restriction on any granted awards being sold or transferred for the six month period following the effective date of our IPO Prospectus, or (ii) the transfer restriction on all Restricted Stock and Restricted Common Units awarded to employees that are subject to transfer restrictions, on a non-linear schedule, for the five year period following the IPO. As these restrictions lift based on the passage of time, Restricted Stock and Restricted Common Units will be referred to as Class A common stock and LLC Common Units, respectively. All awards granted as part of the Organizational Transactions and the IPO are subject to the aforementioned Lock-up Period and transfer restrictions.

***Equity-based Awards Modification***

As noted above, as a result of the Organizational Transactions and the IPO, pre-IPO holders of RSG LLC Class A common units exchanged their units for the Replacement Awards. This exchange was considered a modification as of the IPO date as a result of the change in terms and conditions of the existing awards and the issuance of new options and profits interests that have different vesting schedules than the exchanged awards. This modification resulted in the re-measurement of the awards in accordance with ASC 718. Total compensation cost recognized for the modified awards equaled the grant date fair value from the pre-IPO grants, plus any incremental compensation cost measured at the modification date (i.e. the IPO date). The modification impacted approximately 380 employees.

The incremental compensation expense arising from the modification is primarily driven by the right to future TRA payments as a result of the Organizational Transactions, as well as the TRA Alternative Payments, offset by the existence of new transfer restrictions that extend beyond vesting dates. The TRA, as detailed in Note 2, *Summary of Select Significant Accounting Policies*, provides for the potential, future payment to certain LLC Unitholders of tax benefits realized by the Company. The right to these potential future payments is considered in the calculation of the fair value of the Restricted Common Units and Reload Class C Incentive Units granted to employees. Additionally, those employees who exchanged their granted units into Restricted Stock received a one-time lump sum TRA Alternative Payment in an aggregate amount of $37.6 million. These one-time cash payments were paid upon the closing of the IPO on July 26, 2021. The cash payments were treated as a cash settlement of a portion of the existing awards, and therefore, included in the post-IPO value for determining the incremental expense in the modification. The remaining unamortized fair value as of the modification date will be recognized as equity-based compensation allocated on a relative fair value basis of the awards over the remaining service periods.

***Restricted Stock***

As part of the Organizational Transactions, certain existing employee unitholders were granted Restricted Stock in the Company in exchange for their LLC Units, which were first exchanged into LLC Common Units. The Restricted Stock follows the vesting schedule of the LLC Units for which they were exchanged. LLC Units historically vested pro rata over 5 years. Restricted Stock activity for the period was as follows:

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Restricted Stock | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ — |
| Granted | 4,521,997 | 21.15 |
| Vested | 512,740 | 21.15 |
| Forfeited | — | — |
| Unvested at end of period | 4,009,257 | $ 21.15 |

The weighted-average grant date fair value of $21.15 reflects the fair value of the Restricted Stock at the time of the modification. 10,076,870 shares of Restricted Stock were granted at the time of the IPO, 5,554,873 of which were fully vested. The fully vested cash settlement of the TRA Alternative Payments included in the post modification value, as detailed above, resulted in a significant portion of the grant date fair value being recognized in the current quarter.

***Restricted Stock Units (RSUs)***

Related to the IPO, the Company granted RSUs to certain employees. RSUs vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. The grant date fair value considers the IPO price of $23.50 adjusted for a weighted average 2.4% discount for lack of marketability due to the transfer restrictions. Upon vesting, RSUs automatically convert on a one-for-one basis into Class A common stock.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Restricted Stock Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ — |
| Granted | 4,339,738 | 22.95 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 4,339,738 | $ 22.95 |

***Stock Options***

*Reload Options*

As part of the Organizational Transactions and IPO, certain employees who exchanged their LLC Common Units for shares of the Company were also granted Reload Options that entitle the award holder to future purchases of Class A common stock, on a one-for-one basis, at the IPO price of $23.50. The Reload Options vest either 100% 3 years from the grant date or over 5 years from the grant date, with 33.3% vesting in each of years 3, 4 and 5. Vested Reload Options are exercisable up to the tenth anniversary of the grant date.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Options | Weighted Average Exercise Price |
| Outstanding at beginning of period | — | $ — |
| Granted | 4,592,319 | 23.50 |
| Exercised | — | — |
| Forfeited | — | — |
| Unvested at end of period | 4,592,319 | $ 23.50 |

The fair value of Reload Options granted at the time of the IPO was determined using the Black-Scholes option pricing model with the following assumption ranges:

| | September 30, 2021 |
|---|---|
| Volatility | 25.0% |
| Time to maturity (years) | 6.5-7.0 |
| Risk-free rate | 0.94-1.02% |
| Fair value per unit | $6.42-$6.72 |
| Dividend yield | 0.0% |

*Staking Options*

In addition to Restricted Stock, certain employees were also granted Staking Options that entitle the award holder to future purchases of Class A common stock, on a one-for-one basis, at the IPO price of $23.50. The Staking Options vest over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. Vested Staking Options are exercisable up to the eleventh anniversary of the grant date.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Options | Weighted Average Exercise Price |
| Outstanding at beginning of period | — | $ — |
| Granted | 66,667 | 23.50 |
| Exercised | — | — |
| Forfeited | — | — |
| Unvested at end of period | 66,667 | $ 23.50 |

The fair value of Staking Options granted at the time of the IPO was determined using the Black-Scholes option pricing model with the following assumption ranges:

| | September 30, 2021 |
|---|---|
| Volatility | 25.0% |
| Time to maturity (years) | 9.1 |
| Risk-free rate | 1.19% |
| Fair value per unit | $7.82 |
| Dividend yield | 0.0% |

The use of a valuation model for the Reload Options and Staking Options requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the observed volatility for comparable companies. The expected time to maturity was based on the weighted-average vesting terms and contractual terms of the awards. The dividend yield was based on the Company's expected dividend rate. The risk-free interest rate was based on U.S. Treasury rates commensurate with the expected life of the award.

All Stock Options outstanding were issued at the time of the IPO. No additional options have been issued to date. The aggregate intrinsic value and weighted average remaining contractual terms of Stock Options outstanding and Stock Options exercisable were as follows as of September 30, 2021:

| | September 30, 2021 |
|---|---|
| Aggregate intrinsic value | |
| Stock Option- Reload Options outstanding | $ 47,622 |
| Stock Option- Reload Options exercisable | — |
| Stock Option- Staking Options outstanding | $ 691 |
| Stock Option- Staking Options exercisable | — |
| Weighted-average remaining contractual term (in years) | |
| Stock Option- Reload Options outstanding | 9.8 |
| Stock Option- Reload Options exercisable | — |
| Stock Option- Staking Options outstanding | 10.8 |
| Stock Option- Staking Options exercisable | — |

***Restricted Common Units***

As part of the Organizational Transactions, certain existing employee unitholders were granted Restricted Common Units in exchange for their LLC Units. The Restricted Common Units follow the vesting schedule of the LLC Units for which they were exchanged. LLC Units historically vested pro rata over 5 years. Restricted Common Unit activity for the period was as follows:

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Common Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ — |
| Granted | 6,631,926 | 23.84 |
| Vested | 403,552 | 23.84 |
| Forfeited | — | |
| Unvested at end of period | 6,228,374 | $ 23.84 |

The weighted average grant date fair value reflects the fair value of the Restricted Common Units at the time of the modification. 27,493,192 Restricted Common Units were granted at the time of the IPO, 20,861,266 of which were fully vested. The potential TRA payment value included in the post modification value associated with vested awards, as detailed above, resulted in a significant portion of the grant date fair value being recognized in the current quarter.

***Restricted LLC Units (RLUs)***

Related to the IPO, the Company granted RLUs to certain employees that vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10. Upon vesting, RLUs automatically convert on a one-for-one basis into LLC Common Units.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Restricted LLC Units | Weighted Average Grant Date Fair Value |
| Unvested at beginning of period | — | $ — |
| Granted | 1,543,277 | 25.05 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 1,543,277 | $ 25.05 |

***Class C Incentive Units***

*Reload Class C Incentive Units*

As part of the Organizational Transactions and IPO, certain employees who exchanged their LLC Units for Restricted Common Units were also granted Reload Class C Incentive Units, which are profits interests. When the value of Class A common stock exceeds the IPO price of $23.50, any vested profits interests may be exchanged for LLC Common Units of equal value. On exchange, the LLC Common Units may immediately be redeemed on a one-to-one basis for Class A common stock. The Reload Class C Incentive Units vest either 100% 3 years from the grant date or over 5 years from the grant date, with 33.3% vesting in each of years 3, 4 and 5.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Class C Incentive Units | Weighted Average Participation Threshold |
| Unvested at beginning of period | — | $ — |
| Granted | 3,911,490 | 23.50 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 3,911,490 | $ 23.50 |

*Staking Class C Incentive Units*

Related to the IPO, certain employees were granted Staking Class C Incentive Units, which are profits interests. When the value of the Class A common stock exceeds the IPO price of $23.50, any vested profits interests may be exchanged for LLC Common Units of equal value. On exchange, the LLC Common Units may immediately be redeemed on a one-to-one basis for Class A common stock. The Staking Class C Incentive Units vest either pro rata over 5 years from the grant date or over 10 years from the grant date, with 10% vesting in each of years 3 through 9 and 30% vesting in year 10.

| | Nine months ended September 30, 2021 | |
|---|---|---|
| | Class C Incentive Units | Weighted Average Participation Threshold |
| Unvested at beginning of period | | $ — |
| Granted | 2,116,667 | 23.50 |
| Vested | — | — |
| Forfeited | — | — |
| Unvested at end of period | 2,116,667 | $ 23.50 |

The Restricted Common Units and RLUs, once vested and after delivery of LLC Common Units, are exchangeable into shares of Class A common stock of the Company on a one-to-one basis, which entitles the unitholders to TRA payments resulting from 85% of the tax savings generated by the Company as described in Note 2, *Summary of Select Significant Accounting Policies*. The Reload Class C Incentive Units and Staking Class C Incentive Units have the same terms as the LLC Common Units, with the exception of

the participation threshold of $23.50. When the price of the Class A common stock exceeds the participation threshold, the Class C Incentive Units can be exchanged for Restricted Common Units of equal value and are entitled to the same TRA payments upon an exchange to Class A common stock. In order to value the Restricted Common Units, RLUs, and Class C Incentive Units we are required to make certain assumptions with respect to selected model inputs.

Due to the nature of the underlying risks inherent in TRA payments and the uncertainty as to when the participation threshold will be satisfied for the Class C Incentive Units, we use a Monte Carlo simulation to explicitly model the impact of future stock prices on the size of the amortizable asset, as well as the impact of different levels of taxable income on the timing of the TRA payments, in a risk-neutral framework. The Monte Carlo simulation model uses the following assumptions: the simulated closing stock price, the simulated taxable income, the risk-free interest rate, the expected dividend yield, and the expected volatility and correlation of the Company's stock price and taxable income. The dividend yield was based on the Company's expected dividend rate of 0.0%. The risk-free interest rate of 1.9% was based on U.S. Treasury rates commensurate with a term of 30 years. Due to the transfer restrictions, a discount for lack of marketability was applied based on the term between when each Restricted Common Unit, RLU or Class C Incentive Unit vests, and when it is released from the transfer restriction. The range of discounts from 6.0% to 19.1% were applied on the proportion of value associated with the receipt of Class A common stock upon the exchange of each Restricted Common Unit, RLU, or Class C Incentive Unit.

***Equity-based Compensation Expense***

As of September 30, 2021, the unrecognized equity-based compensation costs related to each equity-based compensation award described above and the related weighted-average remaining service period is the following:

| | | Amount | Weighted Average Remaining Service Period (years) |
|---|---|---|---|
| Restricted Stock | $ | 21,617 | 2.9 |
| RSUs | | 89,875 | 7.2 |
| Stock Option- Reload Options | | 7,538 | 4.4 |
| Stock Option- Staking Options | | 505 | 9.8 |
| Restricted Common Units | | 22,607 | 2.3 |
| Restricted LLC Units | | 37,236 | 9.3 |
| Reload Class C Incentive Units | | 9,952 | 3.5 |
| Staking Class C Incentive Units | | 24,246 | 8.4 |
| **Total unrecognized equity-based compensation expense** | **$** | **213,576** | |

The following table includes the equity-based compensation expense the Company realized in the three months ended September 30, 2021 by expense type from the view of expense related to pre- and post-IPO awards. The table also presents the unrecognized equity-based compensation expense as of September 30, 2021 in the same view. A similar view has not been presented for the nine months ended September 30, 2021 as all equity based-compensation expense related to legacy RSG LLC equity would be included in the first line of the table.

| | | Recognized Expense | | Unrecognized Expense |
|---|---|---|---|---|
| **Prior to the Organizational Transactions and IPO** | | | | |
| RSG LLC equity-based compensation expense | $ | 862 | $ | — |
| **Pre-IPO awards** | | | | |
| Restricted Stock | | 1,600 | | 10,781 |
| Restricted Common Units | | 909 | | 6,045 |
| **Impact of Replacement Awards** | | | | |
| Modification of vested Restricted Stock and Restricted Common Units | | 31,142 | | — |
| Incremental Restricted Stock and Reload Options | | 4,745 | | 18,374 |
| Incremental Restricted Common Units and Reload Class C Incentive Units | | 6,369 | | 26,515 |
| **IPO awards** | | | | |
| RSUs and Staking Options | | 9,722 | | 90,379 |
| RLUs and Staking Class C Incentive Units | | 2,621 | | 61,482 |
| **Total equity-based compensation expense** | **$** | **57,970** | **$** | **213,576** |

The Company recognized equity-based compensation expense of $58.0 million and $2.2 million for the three months ended September 30, 2021 and 2020, respectively, and $65.6 million and $6.4 million for the nine months ended September 30, 2021 and 2020, respectively.

## 13. Loss Per Share

Basic loss per share is computed by dividing net loss attributable to Ryan Specialty Group Holdings, Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted loss per share is computed giving effect to all potentially dilutive shares. As shares of Class B common stock do not share in earnings and are not participating securities they are not included in the Company's EPS calculation. Diluted loss per share for all periods presented is the same as basic loss per share as the inclusion of potentially issuable shares would be antidilutive.

Prior to the IPO, the Ryan Specialty Group, LLC equity structure included Preferred units, Class A common units, and Class B common units. The Company considered the calculation of earnings per unit for periods prior to the IPO using and determined that it would not be meaningful to the users of these consolidated financial statements. Therefore, loss per share information has not been presented for the three and nine months ended September 30, 2020. As the IPO occurred in the current quarter on July 22, 2021, the loss per share information will be the same for both the three and nine months ended September 30, 2021 periods.

The basic and diluted loss per share period for the three and nine months ended September 30, 2021 includes only the period from July 22, 2021 to September 30, 2021, which represents the period wherein the Company had outstanding Class A common stock. A reconciliation of the numerator and denominator used in the calculation of basic and diluted loss per share of Class A common stock is as follows:

| | | Three and nine months ended September 30, 2021 |
|---|---|---|
| Net income (loss) | $ | (32,590 ) |
| Less: Net income (loss) attributable to RSG LLC before the Organizational Transactions | | 15,781 |
| Less: Net income (loss) attributable to non-controlling interests | | (31,256 ) |
| Net income (loss) attributable to Ryan Specialty Group Holdings, Inc. | $ | (17,115 ) |
| **Numerator:** | | |
| Net income (loss) attributable to Class A common shareholders- basic and diluted | $ | (17,115 ) |
| **Denominator:** | | |
| Weighted-average shares of Class A common stock outstanding- basic and diluted | | 105,309,406 |
| Net income (loss) per share of Class A common stock- basic and diluted | | (0.16 ) |

The following number of shares were excluded from the calculation of diluted loss per share because the effect of including such potentially dilutive shares would have been antidilutive:

| | Three and nine months ended September 30, 2021 |
|---|---|
| Restricted Stock | 4,521,997 |
| RSUs | 4,265,143 |
| Reload Options | 4,592,319 |
| Staking Options | 66,667 |
| Restricted Common Units | 6,631,926 |
| RLUs | 1,543,277 |
| Reload Class C Incentive Units | 3,911,490 |
| Staking Class C Incentive Units | 2,116,667 |
| Conversion of non-controlling interest LLC Common Units [(1)] | 142,727,157 |

[(1)] Weighted average shares outstanding from the date of the IPO to September 30, 2021.

## 14. Derivatives

***Interest Rate Swap***

The Company’s long-term debt bears a floating rate of interest. the Company has historically used interest rate derivatives, typically swaps with cancellation options, to reduce exposure to the effects of interest rate fluctuations for up to five years into the future. All outstanding interest rate swaps were settled during 2020 and the Company currently has no interest rate swaps outstanding as of September 30, 2021.

***Redeemable Preferred Units Embedded Derivatives***

As a part of the RSG LLC Redeemable Preferred Units issued and sold on June 1, 2018 and September 1, 2020 as discussed in Note 11, *Redeemable Preferred Units*, there were various realization events, defined as a Qualified Public Offering or a Sale Transaction, that required a Mandatory Redemption. If a Mandatory Redemption was required prior to the five year anniversary of the issuance date, the redemption price was subject to a make-whole provision as set forth in the terms of the agreement. The preferred yield make-whole provisions represented embedded derivatives that were accounted for on a combined basis separately from the redeemable preferred units and reported at fair value. As the Company's IPO in July 2021 was a Realization Event triggering the payment to Onex upon the closing of the IPO of the make-whole provision, any unpaid preferred dividends, and unpaid capital related to the Redeemable Preferred Units, the embedded derivatives related to the make-whole provision are no longer outstanding as of September 30, 2021.

The fair value of derivatives not designated as hedging instruments are as follows:

| | | Derivative Liabilities | |
|---|---|---|---|
| | Balance Sheet Location | September 30, 2021 | December 31, 2020 |
| Redeemable Preferred Unit embedded derivatives | Accounts payable and accrued liabilities | $ — | $ 30,423 |
| **Total derivatives** | | **$ —** | **$ 30,423** |

The gains and losses recognized in earnings for derivatives in Other non-operating income within the Consolidated Statements of Income are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Loss on interest rate contracts | $ — | $ 8 | $ — | $ 3,302 |
| Loss on Redeemable Preferred Unit embedded derivatives | 16,302 | — | 36,914 | — |
| **Total derivatives not designated as hedging instruments** | **$ 16,302** | **$ 8** | **$ 36,914** | **$ 3,302** |

Additionally, for the nine months ended September 30, 2021 and 2020, the Company recognized an increase in cash flows from derivatives of $36.9 million and $3.3 million, respectively, from changes in Other current and non-current assets and accrued liabilities within the operating section of the Consolidated Statements of Cash Flows.

**15. Employee Benefit Plans, Prepaid and Long-Term Incentives**

***Defined Contribution Plan***

The Company offers a defined contribution retirement benefit plan, the Ryan Specialty Group Employee Savings Plan (the “Plan”), to all eligible employees, based on a minimum number of service hours in a year. Under the Plan, eligible employees may contribute a percentage of their compensation, subject to certain limitations. Further, the Plan authorizes the Company to make a discretionary matching contribution, which has historically equaled 50% of each eligible employee’s contribution. The Company recognized expense related to discretionary matching contributions in the amount of $3.1 million and $2.7 million in the three months ended September 30, 2021 and 2020, respectively, and $10.2 million and $7.5 million in the nine months ended September 30, 2021 and 2020, respectively. Starting in 2021, the Company changed the timing of discretionary matching contributions to being made throughout the year as opposed to making the contribution after the end of each year. The Company accrues for employer contributions in Current Accrued compensation within the Consolidated Balance Sheets. Due to the change in timing of the discretionary matching contributions, there were no Company contributions accrued for as of September 30, 2021. As of December 31, 2020, the Company accrued for $10.4 million of Company contributions which were paid in the first quarter of 2021.

***Long-term Incentive Compensation Agreements***

The Company has entered into certain long-term incentive agreements whereby, at the end of a service period, employees are awarded cash, according to specified formulas following a period, typically associated with an acquisition. The Company recognizes expense within Compensation and benefits in the Consolidated Statements of Income over the service period of these awards based on the estimated expected payout. The Company recognized compensation expense of $0.4 million and $1.4 million related to these awards for the three and nine months ended September 30, 2021, respectively. The Company recognized compensation expense of $0.5 million and $1.6 million related to these awards for the three and nine months ended September 30, 2020, respectively. As of September 30, 2021, $5.0 million related to such agreements is included within Current Accrued compensation in the Consolidated

Balance Sheets. As of December 31, 2020, $8.5 million related to such agreements is included in Current Accrued compensation and Non-current Accrued compensation in the Consolidated Balance Sheets. The aggregate amount of maximum obligation payable was $6.9 million and $11.9 million as of September 30, 2021 and December 31, 2020, respectively.

***All Risks Long-Term Incentive Plans***

ARL had established various long-term incentive plans ("LTIPs") throughout its history to incentivize certain executives, producers and key employees. ARL additionally established sales bonuses, implemented by the management of ARL, as compensation for past services performed in connection with executing the sale. Following the acquisition, the LTIP awards vest based on the achievement of various service conditions and are cash-settled. Cash settlement, including all cash payments due on close, will be made by the Company. The total value of the sales bonuses and LTIP awards at the acquisition date was $24.3 million and $303.7 million, respectively. The portion allocated to the pre-combination service period and accounted for as consideration transferred was $257.6 million inclusive of sales bonuses.

On August 10, 2021, the Company's Board of Directors elected to terminate the ARL long-term incentive plans. The decision to terminate the plans did not change the value of, or entitlements to, any benefits thereunder. The benefits accruing under these plans are required to be paid within twelve months of the termination date subject to participants meeting service conditions.

Of the expense related to post-combination services after forfeitures, the Company recognized $9.9 million and $27.4 million related to these awards for the three and nine months ended September 30, 2021, respectively, with the remaining expense of $29.7 million to be recognized by the one year anniversary of the termination date. The Company recognized compensation expense related to these awards of $2.9 million and $2.9 million for the three and nine months ended September 30, 2020, respectively. The Company made cash payments of $31.0 million and $114.7 million for the nine months ended September 30, 2021 and 2020, respectively. The ARL LTIP accrual was $150.6 million and $154.2 million as of September 30, 2021 and December 31, 2020, respectively. The current year liability for these awards is recognized in Current Accrued compensation in the Consolidated Balance Sheets. The prior year liability was recognized in both Current Accrued compensation and Non-current Accrued compensation in the Consolidated Balance Sheets. The expense is recognized in Compensation and benefits in the Consolidated Statements of Income.

**16. Variable Interest Entities**

Ryan Specialty Group Holdings Inc. is a holding company and the sole managing member of RSG LLC. The Company's principal asset is a controlling equity interest in RSG LLC. The Company considers itself the primary beneficiary for RSG LLC as the Company has both the power to direct the activities that most significantly impact the entity's economic performance and is expected to receive benefits that are significant to the Company. As the primary beneficiary of RSG LLC, the Company consolidates the results and operations of RSG LLC for financial reporting purposes under the variable interest consolidation model guidance in ASC 810 *Consolidations*. The Company's relationship with RSG LLC results in no recourse to the general credit of the Company. Further, the Company has no contractual requirement to provide financial support to RSG LLC. The Company shares in the income and losses of RSG LLC in direct proportion to the Company's ownership percentage.

The Company's financial position, financial performance and cash flows effectively represent those of RSG LLC as of and for the period ended September 30, 2021, with the exception of the entire balances of the Tax receivable agreement liabilities and Deferred tax assets on the Consolidated Balance Sheets, which are attributable solely to the Company.

**17. Fair Value Measurements**

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair values as follows:

**Level 1.** Observable inputs such as quoted prices for identical assets in active markets;

**Level 2.** Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and

**Level 3.** Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measure in its entirety.

The carrying amount of financial assets and liabilities reported in the Consolidated Balance Sheets for Cash and cash equivalents, Commissions and fees receivable—net, Other current assets, and Accounts payable and accrued liabilities at September 30, 2021 and December 31, 2020, approximate fair value because of the short-term duration of these instruments.

***Derivative Instruments***

In prior periods, the fair value of the combined embedded derivatives on the redeemable preferred units was based on the likelihood of a mandatorily redeemable triggering event, a Realization Event as defined by the Onex Purchase Agreement, and the present value of any remaining unpaid dividends between the reporting period and the fifth anniversary of the issuance date, which is a Level 3 fair value measurement. In determining the fair value, the Company historically estimated the likelihood of a Realization Event based on discussions with management, then estimated the present value of any remaining dividends using a 10.5% discount rate derived from a review of comparable issuances and benchmarking. The present value of the remaining dividends was then combined with the estimated likelihood of a Realization Event to arrive at the estimated fair value. Changes in the timing and likelihood of a Realization Event and/or the discount rates used resulted in a change in the fair value of recorded embedded derivative obligations. As the Company's IPO in July 2021 was a Realization Event triggering the payment to Onex upon the closing of the IPO of the make-whole provision, any unpaid preferred dividends, and unpaid capital, the fair value of the make-whole provisions as of September 30, 2021 was $0.

***Contingent Consideration***

Any contingent consideration arising upon a business combination is initially recorded as a component of the total consideration of that business combination at fair value with an offsetting liability in the opening balance sheet under Other Non-current liabilities in the Consolidated Balance Sheets.

The fair value of these contingent consideration obligations is based on the present value of the future expected payments to be made to the sellers of the acquired businesses in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. In determining fair value, the Company estimates cash payments based on management’s financial projections of the performance of each acquired business relative to the formula specified by each purchase agreement. The Company utilizes Monte Carlo simulations to evaluate financial projections of each acquired business. The Monte Carlo models consider forecasted EBITDA and market risk adjusted EBITDA which are then run through a series of simulations. The risk-free rates and expected volatility used in the models range from 0.04% to 0.07% and 15% to 35%, respectively. The Company then discounts the expected payments created by the Monte Carlo model to present value using a risk-adjusted rate that takes into consideration the market-based rates of return that reflect the ability of the acquired entity to achieve its targets. These discount rates generally range from 5.7% to 12.6% for the acquisitions.

Each period, the Company revalues the contingent consideration obligations associated with certain prior acquisitions to their fair value and records subsequent changes to the fair value of these estimated obligations in Change in contingent consideration within Operating income when incurred.

Changes in contingent consideration result from changes in the assumptions regarding probabilities of successful achievement of related EBITDA and percentage milestones, the estimated timing in which milestones are achieved, and the discount rate used to estimate the fair value of the liability. Contingent consideration may change significantly as the Company’s revenue growth rate and EBITDA estimates evolve and additional data is obtained, impacting the Company’s assumptions. The use of different assumptions and judgements could result in a materially different estimate of fair value which may have a material impact on the results from operations and financial position.

The current portion of the fair value of contingent consideration was $14.1 million and $5.5 million as of September 30, 2021 and December 31, 2020, respectively, and was recorded in Accounts payable and accrued liabilities in the Consolidated Balance Sheets. The non-current portion of the fair value of the contingent consideration was $5.3 million and $16.6 million as of September 30, 2021 and December 31, 2020, respectively, and was recorded in Other non-current liabilities in the Consolidated Balance Sheets.

The following fair value hierarchy table presents information about the Company's liabilities measured at fair value on a recurring basis as of September 30, 2021 and December 31, 2020.

| | September 30, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Liabilities:** | | | | | | |
| Debt (1) | $ 1,637,584 | $ — | $ — | $ 1,648,997 | $ — | $ — |
| Contingent purchase consideration (2) | — | — | 19,383 | — | — | 22,096 |
| Make-whole provision on Redeemable Preferred Units (3) | — | — | — | — | — | 30,423 |
| **Total liabilities measured at fair value** | **$ 1,637,584** | **$ —** | **$ 19,383** | **$ 1,648,997** | **$ —** | **$ 52,519** |

(1) See Note 9, *Debt.*

(2) Contingent purchase considerations are included in Accounts payable and accrued liabilities and Other non-current liabilities in the Consolidated Balance Sheets and in Change in contingent consideration in the Statements of Income.

(3) Make-whole provisions are included in Accounts payable and accrued liabilities in the Consolidated Balance Sheets and in Other non-operating (loss) income in the Statement of Income.

There were no assets or liabilities that were transferred between fair value hierarchy levels during the nine months ended September 30, 2021 or the year ended December 31, 2020.

The following is a reconciliation of the beginning and ending balances for the Level 3 liabilities measured at fair value:

| | September 30, 2021 | | | September 30, 2020 | | |
|---|---|---|---|---|---|---|
| | Make-Whole provision on Redeemable Preferred Units | Contingent purchase consideration | Total | Make-Whole provision on Redeemable Preferred Units | Contingent purchase consideration | Total |
| **Opening balance** | **$ 30,423** | **$ 22,096** | **$ 52,519** | **$ 891** | **$ 23,527** | **$ 24,418** |
| Total gains/losses included in earnings | 36,914 | 3,062 | 39,976 | 815 | 1,866 | 2,681 |
| Settlements | (67,337 ) | (5,775 ) | (73,112 ) | — | (1,272 ) | (1,272 ) |
| **Ending balance** | **$ —** | **$ 19,383** | **$ 19,383** | **$ 1,706** | **$ 24,121** | **$ 25,827** |

During the nine months ended September 30, 2021 and 2020, there were no purchases, issues, sales or transfers related to fair value measurements. Additionally, no unrealized gains or losses were recorded in the Consolidated Statements of Comprehensive Income for liabilities held during the period. Of the total $5.8 million settlement of contingent consideration in the nine months ended September 30, 2021, $4.5 million is presented in the financing section and $1.3 million is presented in the operating section of the Consolidated Statements of Cash Flows. The $1.3 million settlement of contingent consideration in the nine months ended September 30, 2020, is presented in the operating section of the Consolidated Statements of Cash Flows.

## 18. Commitments and Contingencies

***Legal – E&O and Other Considerations***

As an excess and surplus lines and admitted markets broker, the Company has potential E&O risk if an insurance carrier with which Ryan Specialty placed coverage denies coverage for a claim or pays less than the insured believes is the full amount owed. As a result, the Company from time to time seeks to resolve early in the process, through a commercial accommodation, certain matters to limit the economic exposure and reputational risk, including potential legal fees, created by a disagreement between a carrier and the insured.

The Company purchases insurance to provide protection from E&O liabilities that may arise during the ordinary course of business. Since June 1, 2019, Ryan Specialty's E&O insurance provides aggregate coverage for E&O losses up to $100.0 million in excess of a $2.5 million retention amount per claim. The Company has historically maintained self-insurance reserves for the Company's

retention portion of the E&O exposure that is not insured. The Company periodically determines a range of possible reserve levels using the best available information that rely heavily on projecting historical claim data into the future.

The reserve for these and other non-E&O claims and business accommodations in the Consolidated Balance Sheets is above the lower end of the most recently determined range. Reserves of $2.3 million and $1.5 million were held for outstanding matters as of September 30, 2021 and December 31, 2020, respectively. The Company recognized $1.0 million and $0.7 million in General and administrative expense for the three months ended September 30, 2021 and 2020, respectively. The Company recognized $1.6 million and $1.9 million in General and administrative expense for the nine months ended September 30, 2021 and 2020, respectively. The historical claim and commercial accommodation data used to project the current reserve levels may not be indicative of future claim activity. Thus, the reserve levels, which may be based on corresponding actuarial ranges, could change in the future as more information becomes known, which could materially impact the amounts reported and disclosed herein.

**19. Related Parties**

The Company has entered into various transactions and agreements with RSG LLC, its subsidiaries, certain other affiliates and related parties (collectively, "Related Parties").

***Ryan Specialty Group Risk***

The Company has an arrangement to provide administrative services to Ryan Specialty Group Risk, LLC ("RSGR"), an entity wholly owned directly or indirectly by Patrick G. Ryan, which participated in the underwriting profits of certain Lloyd's of London syndicates. The Company is reimbursed for these administrative services. Reimbursements for services provided in the nine months ended September 30, 2021 and 2020 were immaterial. The Company does not have a variable interest in this entity.

*Ryan Specialty Group Risk Innovators*

On June 28, 2018, the Company entered into a services agreement with Ryan Specialty Group Risk Innovators, LLC ("RSGRI"), a subsidiary of RSGR. It was established to incubate new opportunities providing insurance and reinsurance services to brokers and carriers. According to the terms of the agreement, the Company provides both administrative services to, and disburses payments for costs directly incurred by, RSGRI. These direct costs include compensation expenses incurred by employees of RSGRI. The Company earns a markup on administrative services performed for and on behalf of RSGRI but not on payments related to business employees. The Company does not have a variable interest in this entity.

*JEM Underwriting Managers, LLC*

JEM Underwriting Managers, LLC, previously a wholly owned subsidiary of RSGRI, was designed in 2018 to incubate a new property insurance initiative. On January 1, 2020, the Company acquired the assets and liabilities of JEM from RSGRI. Total consideration transferred was $4.0 million, net of cash acquired.

***Ryan Re and Geneva Re***

*Ryan Re*

Ryan Re, previously a wholly owned subsidiary of RSGRI, was designed in 2018 to incubate a new reinsurance underwriting service offering. On June 13, 2019, Ryan Re was ultimately contributed to Geneva Ryan Holdings, LLC ("GRH"). GRH was formed as an investment holding company designed to aggregate investment funds of Patrick G. Ryan, and other affiliated investors. One investor is an LLC Unitholder and a director of the Company, and another is both an LLC Unitholder and employee of the Company. Ryan Specialty does not consolidate GRH as the Company does not have a direct investment in or variable interest in this entity.

On June 13, 2019, the Company acquired a controlling interest of 47% of the common units in Ryan Re from GRH with a $1 par value for $4.70 and was appointed the Managing Member of Ryan Re. GRH retained a 53% interest in this entity. As Ryan Re is under common control with the Company, the Company recognized the assets and liabilities in Ryan Re upon initial consolidation at historical cost, inclusive of an accumulated deficit.

On March 31, 2021, GRH distributed a portion of its interest in Ryan Re to the two investors affiliated with Ryan Specialty. The Company subsequently acquired the remaining 53% of the common units in Ryan Re from GRH and the two affiliated investors with a $1 par value for total consideration of $48.4 million. As a result of the transaction, the Company derecognized the non-controlling interest of $3.7 million and recognized a deemed distribution of $44.6 million, inclusive of a working capital true-up payment of $0.1 million in the second quarter of 2021. The valuation of the outstanding interest in Ryan Re was determined by an unrelated third party. Upon the Company acquiring the remaining 53% of common units, Ryan Re became a wholly owned subsidiary of the Company. The

Company will continue to include the financial results of Ryan Re in the Company's consolidated financial statements but will no longer present a non-controlling interest related to Ryan Re on the Consolidated Balance Sheets after the first quarter of 2021.

*Ryan Investment Holdings*

Ryan Investment Holdings, LLC ("RIH") was formed as an investment holding company designed to aggregate the funds of Ryan Specialty and GRH for investment in Geneva Re Partners, LLC ("GRP"). The Company holds a 47% interest in RIH and GRH holds a 53% interest in RIH. RIH has a 50% non-controlling interest in GRP, and the other 50% is owned by Nationwide Mutual Insurance Company ("Nationwide"). GRP wholly owns Geneva Re, Ltd ("Geneva Re"), a Bermuda-regulated reinsurance company. RIH is considered a related party variable interest entity under common control with the Company. The Company is not most closely associated with the variable interest entity and therefore does not consolidate RIH. The assets of RIH are restricted to settling obligations of RIH, pursuant to Delaware limited liability company statutes.

The Company is not required to contribute any additional capital to RIH, and its maximum exposure to loss on the equity method investment is the total invested capital of $47.0 million. The Company may be exposed to losses arising from the equity method investment, as a result of underwriting losses recognized at Geneva Re or losses on Geneva Re's investment portfolio.

*Geneva Re*

As discussed above, Geneva Re is a wholly owned subsidiary of GRP. GRP was formed as a joint venture between Nationwide and RIH, with each retaining a 50% ownership interest in GRP in exchange for a $50.0 million initial cash investment from each. The Company, through its investment in RIH and in connection with the GRP Subscription Agreement, has an agreement that outlines the terms of the Company's investment in RIH, as well as the commitment of RIH's unit holders to invest funds into GRP at the request of the GRP board, for a total investment of $47.0 million. On March 5, 2020, the Company contributed $23.5 million of capital in satisfaction of the remaining capital commitment to Geneva Re.

In accordance with the Master Transaction Agreement, ("MTA"), Geneva Re is obligated to reimburse the Company for any transaction expenses incurred by the Company in connection with the formation of Geneva Re. The Company had $0.4 million due from Geneva Re under this agreement as of December 31, 2020. On January 1, 2021 the Company entered into a service agreement with Geneva Re to provide both administrative services to, as well disburse payments for costs directly incurred by, Geneva Re. These direct costs include compensation expenses incurred by employees of Geneva Re. The Company had a de minimis amount due from Geneva Re under this agreement, for a total outstanding balance of $0.4 million as of September 30, 2021.

At the formation of RIH, Patrick G. Ryan and Diane M. Aigotti, former Executive Vice President and CFO of the Company, were designated to represent Ryan Specialty's interest on the board of GRP. In connection with the retirement of Diane M. Aigotti in the first quarter of 2021, Jeremiah R. Bickham, the current CFO of the Company, replaced Diane M. Aigotti on the board of GRP. One of the investors of GRH represents the interests of GRH, while another of its investors is on the Company's Board of Directors, is Executive Chairman of Geneva Re, and acts in the capacity of Executive Director on the Board of GRP.

*Ryan Re Services Agreement with Geneva Re and Nationwide*

On June 13, 2019, Ryan Re entered into an underwriting agreement with Nationwide to provide reinsurance underwriting services to Nationwide and its affiliated insurance entities. Simultaneously through the MTA, Ryan Re entered into a services agreement with Geneva Re to provide, among other services, certain underwriting and administrative services to Geneva Re. Ryan Re received a service fee equal to 2.5% of gross written premium derived from reinsurance and retrocession business assumed by Geneva Re from Nationwide through December 31, 2020. On January 1, 2021, the services agreement between Ryan Re and Geneva Re was amended to remove the 2.5% of gross premium written and was replaced with a service fee equal to 115% of the administrative costs incurred by Ryan Re in performing certain underwriting and administrative services to Geneva Re. Revenue earned from Geneva Re, net of applicable constraints, was $0.4 million and $0.2 million for the three months ended September 30, 2021 and 2020, respectively, and was $1.4 million and $1.1 million for the nine months ended September 30, 2021 and 2020, respectively. Receivables due from Geneva Re under this agreement, net of applicable constraints, was $3.2 million and $3.0 million as of September 30, 2021 and December 31, 2020, respectively.

***Company Leasing of Corporate Jets***

In the ordinary course of its business, the Company charters executive jets for business purposes from a third-party service provider called Executive Jet Management ("EJM"). Mr. Ryan indirectly owns aircraft that he leases to EJM for EJM's charter operations, which include EJM chartering to third parties, for which he receives remuneration from EJM. The Company pays market rates for chartering aircraft through EJM, unless the particular aircraft chartered is Mr. Ryan's, in which case the Company receives a discount below market rates. Historically, the Company has usually been able to charter Mr. Ryan's aircraft and make use of this discount. The Company recognized an expense related to business usage of the aircraft of $0.1 million and $0.1 million for the three months ended

September 30, 2021 and 2020, respectively. The Company recognized an expense related to business usage of the aircraft of $0.4 million and $0.3 million for the nine months ended September 30, 2021 and 2020, respectively.

***Personal Guarantee***

In April 2021, Mr. Ryan personally guaranteed up to $10.0 million of the financial obligations of the Company under an agency agreement with certain insurance companies that are affiliated with National Indemnity Company. The Company did not pay Mr. Ryan any consideration for this guarantee. Mr. Ryan's guarantee may be replaced by the Company with a letter of credit at any time, subject to the prior approval of the insurance companies. Mr. Ryan will not personally guarantee any further additional financial obligations of the Company or any of its subsidiaries.

***Consulting Arrangement with a Director***

We have contracted with Michael O'Halleran, a director of the Company, to provide consulting services. Mr. O'Halleran received total cash compensation of $0.1 million for work performed during the three months ended September 30, 2021 and 2020, and $0.2 million for work performed during the nine months September 30, 2021 and 2020. Mr. O'Halleran's compensation under the consulting agreement is based on external market practice of similar positions for consultants or employees who are not members of the Board of Directors.

***Employment of an Immediate Family Member of a Director***

Michael O'Halleran's son is an employee of the Company. He has been an employee of the Company since August 11, 2014. His total annual compensation for 2020 was $0.3 million, including a base salary of $0.1 million and production bonuses of $0.2 million. His total annual compensation for 2021 is expected to be substantively the same, including a base salary of $0.2 million, and production bonuses of $0.1 million that were paid in July 2021. He also received benefits generally available to all employees. His compensation was determined in accordance with our standard employment and compensation.

**20. Income Taxes**

The Company is taxed as a corporation for income tax purposes and is subject to federal, state, and local taxes with respect to its allocable share of any net taxable income from RSG LLC. RSG LLC is a limited liability company taxed as a partnership for income tax purposes, and its taxable income or loss is passed through to its members, including the Company. RSG LLC is subject to income taxes on its taxable income in certain foreign countries, in certain state and local jurisdictions that impose income taxes on partnerships, and on the taxable income of its U.S. corporate subsidiary. For the periods presented prior to the Organizational Transactions and IPO, the reported income taxes represent those of RSG LLC.

The Company's effective tax rate from continuing operations was 14.14% and 21.31% for the three months ended September 30, 2021 and 2020, respectively. The Company's effective tax rate from continuing operations was (3.06)% and 7.60% for the nine months ended September 30, 2021 and 2020, respectively. The quarterly effective tax rates are significantly different from the 21% statutory tax rate primarily because the Company was taxed as an LLC pre-IPO and is not liable for income taxes on the portion of earnings that is attributable to the non-controlling interest in the post-IPO period.

The Company does not believe it has any significant uncertain tax positions and therefore has no unrecognized tax benefits as of September 30, 2021, that if recognized, would affect the annual effective tax rate.

***Deferred Taxes***

The Company reported Deferred tax assets of $395.8 million as of September 30, 2021 and Deferred tax liabilities of $0.4 million and $0.6 million as of September 30, 2021 and December 31, 2020, respectively, on the Consolidated Balance Sheets. The increase in Deferred tax assets relates primarily to the basis difference in the Company's investment in RSG LLC, which arose as a result of the Organizational Transactions and the IPO. The components of the increase include $234.0 million related to benefits from future deductions attributable to the TRA, $95.0 million related benefits from future deductions attributable to TRA Alternative Payments and purchase of LLC Common Units from certain holders who received TRA Alternative Payments, and $61.1 million related to temporary differences in the book basis as compared to the tax basis.

As of September 30, 2021, the Company concluded that, based on the weight of all available positive and negative evidence, the Deferred tax assets with respect to the Company's basis difference in its investment in RSG LLC are more likely than not to be realized. As such, no valuation allowance has been recognized against that basis difference.

***Tax Receivable Agreement (TRA)***

In connection with the Organizational Transactions and IPO, the Company entered into a TRA with certain pre-IPO LLC Unitholders whereby the Company agreed to pay to such LLC Unitholders 85% of the benefits that the Company realizes from increases in the tax basis of the assets of RSG LLC resulting from purchases or exchanges of LLC Common Units, tax amortization deductions attributable to asset acquisitions that closed prior to the IPO, and certain tax benefits attributable to payments that the Company is required to make under the TRA. The amounts payable under the TRA will vary depending upon a number of factors, including the amount, character, and timing of the taxable income of the Company in the future.

Based on current projections, the Company anticipates having sufficient taxable income to be able to realize the benefits and has recorded Tax receivable agreement liabilities of $282.5 million related to these benefits on the Consolidated Balance Sheets as of September 30, 2021.

**21. Subsequent Events**

The Company has evaluated subsequent events through November 12, 2021 and has concluded that no events have occurred that require disclosure.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q and our consolidated financial statements and the related notes in the IPO Prospectus. The discussion contains forward-looking statements that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and in the IPO Prospectus, particularly in the sections entitled "Risk Factors" and "Forward-Looking Statements".*

*The following discussion provides commentary on the financial results derived from our unaudited financial statements for the three and nine months ended September 30, 2021 and 2020 prepared in accordance with U.S. GAAP. In addition, we regularly review the following Non-GAAP measures when assessing performance: Organic Revenue Growth Rate, Adjusted Compensation and Benefits Expense, Adjusted Compensation and Benefits Expense Ratio, Adjusted General and Administrative Expense, Adjusted General and Administrative Expense Ratio, Adjusted EBITDAC, Adjusted EBITDAC Margin, Adjusted Net Income, Adjusted Net Income Margin and Adjusted Diluted Earnings per Share. See "Non-GAAP Financial Measures and Key Performance Indicators" for further information.*

### Overview

Founded by Patrick G. Ryan in 2010, we are a rapidly growing service provider of specialty products and solutions for insurance brokers, agents and carriers. We provide distribution, underwriting, product development, administration and risk management services by acting as a wholesale broker and a managing underwriter. Our mission is to provide industry-leading innovative specialty insurance solutions for insurance brokers, agents and carriers.

For retail insurance brokers, we assist in the placement of complex or otherwise hard-to-place risks. For insurance carriers, we work with retail and wholesale insurance brokers to source, onboard, underwrite and service these same risks. A significant majority of the premiums we place are bound in the E&S market, which includes Lloyd's of London. There is often significantly more flexibility in terms, conditions, and rates in the E&S market relative to the Admitted or "standard" insurance market. We believe that the additional freedom to craft bespoke terms and conditions in the E&S market allows us to best meet the needs of our trading partners, provide unique solutions and drive innovation. We believe our success has been achieved by providing best-in-class intellectual capital, leveraging our trusted and long-standing relationships, and developing differentiated solutions at a scale unmatched by many of our competitors.

### Significant Events and Transactions

#### Effects of the Reorganization on Our Corporate Structure

We were incorporated in March 2021 and formed for the purpose of the IPO. We are a holding company and our sole material asset is a controlling equity interest in New RSG Holdings, which is also a holding company and its sole material asset is a controlling equity interest in RSG LLC. The Company will operate and control the business and affairs, and consolidate the financial results, of RSG LLC through New RSG Holdings and, through RSG LLC. As RSG LLC is substantively the same as New RSG Holdings, for the purpose of this discussion, we will refer to both New RSG Holdings and RSG LLC as RSG LLC.

RSG LLC is a limited liability company taxed as a partnership for income tax purposes, and its taxable income or loss is passed through to its members, including the Company. RSG LLC is subject to income taxes on its taxable income in certain foreign countries, in certain state and local jurisdictions that impose income taxes on partnerships, and on the taxable income of its U.S. corporate subsidiary. After the IPO, RSG LLC continues to be treated as a pass-through entity for U.S. federal and state income tax purposes. As a result of our ownership of LLC Common Units, we are subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of RSG LLC and are taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations and we will be required to make payments under the Tax Receivable Agreement. Due to the uncertainty of various factors, we cannot estimate the likely tax benefits we will realize as a result of LLC Common Unit exchanges, and the resulting amounts we are likely to pay out to LLC Unitholders and Onex pursuant to the Tax Receivable Agreement; however, we estimate that such tax benefits and the related TRA payments may be substantial. We intend to cause RSG LLC to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the Tax Receivable Agreement.

**Response to COVID-19**

An outbreak of a novel strain of the coronavirus, COVID-19, was recognized as a pandemic by the World Health Organization on March 11, 2020. Our leadership took decisive, timely steps to protect the health, safety and wellbeing of our employees, their families and trading partners by closing nearly all in-office operations, restricting business travel and transitioning to a remote work environment. The investments we made in our culture, trading partner relationships, business, technology and IT team members allowed for a seamless transition. Due to the success of our remote work operations during the pandemic, we will be implementing remote work flexibility into our operating model as we begin to transition back into the office.

While the pandemic has had a significant detrimental effect on numerous segments of the global economy, it provided opportunities for many aspects of our Wholesale Brokerage, Binding Authority and Underwriting Management Specialties. We believe the pandemic resulted in an increased flow of submissions into the E&S market and a further hardening of E&S insurance rates (which had already been happening since 2019), thereby yielding higher premiums.

Highlighting the resilience of our business, the dedication of our workforce, and the E&S market opportunities created by the pandemic, in 2020 we completed the All Risks Acquisition (the largest in our history), made substantial progress on our integration and the Restructuring Plan and realized 20.4% organic revenue growth, all in the midst of the pandemic. We managed to sustain this resilience in 2021 through the continued advancement of the integration and Restructuring Plan and realized 52.5% revenue growth and 25.6% organic revenue growth for the nine months ended September 30, 2021.

While we believe our business and operations have thus far performed at a high level of efficiency and achieved historic results throughout the pandemic, there are no comparable recent events which may provide guidance as to the ultimate effect of the spread of COVID-19 and a global pandemic. As a result, the final impact of the pandemic or a similar health epidemic remains uncertain, particularly if new variants of the virus develop, vaccines are not distributed at a suitable pace or prove less effective than anticipated, the global economy does not recover as expected, especially in light of current inflationary trends and/or the pandemic otherwise continues beyond current expectations. The effects could yet have a material impact on our results of operations. See “Risk Factors—Risks Related to Our Business and Industry” in our IPO Prospectus for a discussion of the risks related to the COVID-19 pandemic.

**2020 Restructuring Plan**

During the third quarter of 2020 and in conjunction with the All Risks Acquisition, we initiated the Restructuring Plan in an effort to reduce costs and increase efficiencies, streamline management reporting structures, and centralize functions across the Company to improve operating margin. The Restructuring Plan is expected to generate annual savings of $25.0 million once the plan is fully actioned by June 30, 2022. Initial savings began to materialize in 2020 with the full run-rate savings expected to be realized by June 30, 2023. Of the $25.0 million of expected annual savings, approximately 90% will relate to a reduction in workforce with the remaining 10% related to lease and contract terminations. The Restructuring Plan is expected to incur cumulative one-time charges of between $30.0 million and $35.0 million, funded through operating cash flow. Restructuring costs will primarily be included in Compensation and benefits expense with the remaining costs in General and administrative expense. See Note 5, *Restructuring* of the unaudited quarterly consolidated financial statements for further discussion.

We began recognizing costs associated with the Restructuring Plan in the third quarter of 2020. For the three and nine months ended September 30, 2021, we incurred restructuring costs of $3.2 million and $13.1 million, respectively, and cumulative restructuring costs of $24.0 million since the inception of the plan. These costs are offset by realized respective savings of approximately $6.3 million and $16.7 million for the three and nine months ended September 30, 2021. Of the cumulative $24.0 million costs, $19.4 million was workforce-related with the remaining being general and administrative costs. While the current results of the Restructuring Plan are in line with expectations, changes to the total savings estimate and timing of the Restructuring Plan may evolve as we continue to progress through the plan and evaluate other potential restructuring opportunities. The actual amounts and timing may vary significantly based on various factors.

**Key Factors Affecting Our Performance**

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to:

**Pursue Strategic Acquisitions**

We have successfully integrated businesses complementary to our own to increase both our distribution reach and our product capabilities. We continuously evaluate acquisitions and intend to further pursue targeted acquisitions that complement our product capabilities or provide us access to new markets. We have previously made and intend to continue to make acquisitions with the objective of enhancing our human capital and product capabilities, entering natural adjacencies and expanding our geographic footprint. Our ability to successfully pursue strategic acquisitions is dependent upon a number of factors, including sustained

execution of a disciplined and selective acquisition strategy and our ability to effectively integrate targeted companies or assets and grow our business. We do not have agreements or commitments for any significant acquisitions at this time.

**Deepen and Broaden our Relationships with Retail Broker Partners**

We have deep engagement with our retail broker trading partners. We believe we have the ability to transact in even greater volume with nearly all of our existing retail brokerage trading partners. For example, in 2020, our revenue derived from the Top 100 firms (as ranked by Business Insurance) expanded faster than our overall growth rate of 20%. Our ability to deepen and broaden relationships with our retail broker partners and increase sales is dependent upon a number of factors, including client satisfaction with our distribution reach and our product capabilities, competition, pricing, economic conditions and spending on our product offerings.

**Build our National Binding Authority Business**

We believe there is substantial opportunity to continue to grow our binding authority business, as we believe that both M&A consolidation and panel consolidation are in nascent stages in the binding authority market. Our ability to grow our binding authority business is dependent upon a number of factors, including the quality of our services and product offerings, marketing and sales efforts to drive new business prospects and execution, new product offerings, the pricing and quality of our competitors' offerings and the growth in demand of the insurance products.

**Invest in Operation and Growth**

We have heavily invested in building a durable business that is able to adapt to the continuously evolving E&S market and intend to continue to do so. We are focused on enhancing the breadth of our product offerings as well as developing and launching new solutions to address the evolving needs of the specialty insurance industry. Our future success is dependent on our ability to successfully develop, market and sell existing and new products to both new and existing trading partners.

**Generate Commission Regardless of the State of the Specialty Insurance Market**

We generate commissions, which are calculated as a percentage of the total insurance policy premium, and fees. A softening of the insurance market or specialty lines that are our focus, characterized by a period of declining premium rates, could negatively impact our profitability.

**Leverage the Growth of the E&S Market**

The growing relevance of the E&S market has been driven by the rapid emergence of large, complex and high-hazard risks across many lines of insurance. This trend continued in 2020 and the first three quarters of 2021, with a record 30 named storms during the 2020 Atlantic hurricane season, over 10.3 million acres burned through wildfires in the United States, escalating jury verdicts and social inflation, a proliferation of cyber threats, novel health risks, and the transformation of the economy to a "digital first" mode of doing business. We believe that as the complexity of the E&S market continues to escalate, wholesale brokers and managing underwriters that do not have sufficient scale or the financial and intellectual capital to invest in the required specialty capabilities will struggle to compete effectively. This will further the trend of market share consolidation among the wholesale firms who have these capabilities. We will continue to invest in our intellectual capital to innovate and offer custom solutions and products to better address changing market fundamentals.

**Address Costs of being a Public Company**

As we are in the early stages of our operation as a public company, we will continue to implement changes in certain aspects of our business and develop, manage and train management level and other employees to comply with ongoing public company requirements. We also incur new expenses as a public company, including public reporting obligations, increased professional fees for accounting, proxy statements, shareholder meetings, stock exchange fees, transfer agent fees, SEC and FINRA filing fees, legal fees and offering expenses.

**Summary of Financial Performance Highlights**

| *(in thousands, except percentages)* | Three months ended September 30, 2021 | 2020 | Change $ | Change % | Nine months ended September 30, 2021 | 2020 | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|
| **GAAP financial measures** | | | | | | | | |
| Total revenue | $ 352,766 | $ 236,811 | $ 115,955 | 49.0 % | $ 1,054,236 | $ 691,327 | $ 362,909 | 52.5 % |
| Compensation and benefits | 286,538 | 162,981 | 123,557 | 75.8 | 737,825 | 461,094 | 276,731 | 60.0 |
| General and administrative | 38,754 | 31,370 | 7,384 | 23.5 | 96,984 | 81,755 | 15,229 | 18.6 |
| Total operating expenses | 353,496 | 210,985 | 142,511 | 67.5 | 922,861 | 581,293 | 341,568 | 58.8 |
| Operating income (loss) | (730 ) | 25,826 | (26,556 ) | (102.8 ) | 131,375 | 110,034 | 21,341 | 19.4 |
| Net income (loss) | (32,590 ) | 10,796 | (43,386 ) | (401.9 ) | 27,016 | 74,001 | (46,985 ) | (63.5 ) |
| Net income (loss) attributable to members | (1,334 ) | 10,211 | (11,545 ) | (113.1 ) | 55,822 | 72,470 | (16,648 ) | (23.0 ) |
| Compensation and Benefits Expense Ratio | 81.2 % | 68.8 % | | | 70.0 % | 66.7 % | | |
| General and Administrative Expense Ratio | 11.0 % | 13.2 % | | | 9.2 % | 11.8 % | | |
| Net Income (Loss) Margin | (9.2 )% | 4.6 % | | | 2.6 % | 10.7 % | | |
| Earnings (Loss) per Share | $ (0.16 ) | | | | $ (0.16 ) | | | |
| Diluted Earnings (Loss) per Share | $ (0.16 ) | | | | $ (0.16 ) | | | |
| **Non-GAAP financial measures*** | | | | | | | | |
| Organic Revenue Growth Rate | 28.9 % | 13.6 % | | | 25.6 % | 19.8 % | | |
| Adjusted Compensation and Benefits Expense | $ 212,590 | $ 149,058 | $ 63,532 | 42.6 % | $ 625,452 | $ 434,209 | $ 191,243 | 44.0 % |
| Adjusted Compensation and Benefits Expense Ratio | 60.3 % | 62.9 % | | | 59.3 % | 62.8 % | | |
| Adjusted General and Administrative Expense | $ 35,153 | $ 20,393 | $ 14,760 | 72.4 % | $ 88,870 | $ 65,366 | $ 23,504 | 36.0 % |
| Adjusted General and Administrative Expense Ratio | 10.0 % | 8.6 % | | | 8.4 % | 9.5 % | | |
| Adjusted EBITDAC | $ 105,023 | $ 67,360 | $ 37,663 | 55.9 % | $ 339,914 | $ 191,752 | $ 148,162 | 77.3 % |
| Adjusted EBITDAC Margin | 29.8 % | 28.4 % | | | 32.2 % | 27.7 % | | |
| Adjusted Net Income | $ 62,949 | $ 41,664 | $ 21,285 | 51.1 % | $ 209,739 | $ 121,261 | $ 88,478 | 73.0 % |
| Adjusted Net Income Margin | 17.8 % | 17.6 % | | | 19.9 % | 17.5 % | | |
| Adjusted Diluted Earnings per Share | $ 0.24 | | | | $ 0.78 | | | |

* For a definition and a reconciliation of Organic Revenue Growth Rate, Adjusted Compensation and Benefits, Adjusted Compensation and Benefits Expense Ratio, Adjusted General and Administrative Expense, Adjusted General and Administrative Expense Ratio, Adjusted EBITDAC, Adjusted EBITDAC Margin, Adjusted Net Income, Adjusted Net Income Margin, and Adjusted Diluted Earnings per Share to the most directly comparable GAAP measure, see "Non-GAAP Financial Measures and Key Performance Indicators."

**Comparison of the Three Months Ended September 30, 2021 and 2020**

- Revenue increased $116.0 million or 49.0% period-over-period to $352.8 million.
- Compensation and benefits expense increased $123.6 million, or 75.8%, and the Compensation and Benefits Expense Ratio increased 12.4% from 68.8% to 81.2% period-over-period.
- General and administrative expense increased $7.4 million, or 23.5%, and the General and Administrative Expense Ratio decreased 2.2% from 13.2% to 11.0% period-over-period.
- Total operating expenses increased $142.5 million or 67.5% period-over-period to $353.5 million.
- Operating income (loss) decreased $26.6 million period-over-period to a net loss of $(0.7) million.
- Net Income (loss) decreased by $43.4 million to period-over-period to a net loss of $(32.6) million.
- Net Income (Loss) Margin was (9.2)% for the quarter, compared to 4.6% in the same quarter last year.
- Loss per share and Diluted loss per share were $(0.16) for the three months ended September 30, 2021.
- Organic Revenue Growth Rate for the quarter was 28.9%, compared to 13.6% in the same quarter last year—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.

- Adjusted Compensation and Benefits Expense increased $63.5 million, or 42.6%, and the Adjusted Compensation and Benefits Expense Ratio decreased 2.6% from 62.9% to 60.3% period-over-period – see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted General and Administrative Expense increased $14.8 million, or 72.4%, and the Adjusted General and Administrative Expense Ratio increased 1.4% from 8.6% to 10.0% period-over-period – see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted EBITDAC, increased 55.9% to $105.0 million—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted EBITDAC Margin increased to 29.8% from 28.4% period-over-period—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted Net Income and Adjusted Net Income Margin increased to $62.9 million and 17.8%, respectively, from $41.7 million and 17.6% period-over-period—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted Diluted Earnings per Share was $0.24 for the three months ended September 30, 2021—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.

**Comparison of the Nine Months Ended September 30, 2021 and 2020**

- Revenue increased $362.9 million or 52.5% year-over-year to $1,054.2 million.
- Compensation and benefits expense increased $276.7 million, or 60.0%, and the Compensation and Benefits Expense Ratio increased 3.3% from 66.7% to 70.0% period-over-period.
- General and administrative expense increased $15.2 million, or 18.6%, and the General and Administrative Expense Ratio decreased 2.6% from 11.8% to 9.2% period-over-period.
- Total operating expenses increased $341.6 million or 58.8% year-over-year to $922.9 million.
- Operating income increased $21.3 million period-over-period to $131.4 million.
- Net income decreased by $47.0 million period-over-period to $27.0 million.
- Net Income Margin was 2.6% for the nine months, compared to 10.7% for the same period in the prior year.
- Loss per share and Diluted loss per share were $(0.16) for the nine months ended September 30, 2021.
- Organic Revenue Growth Rate was 25.6% for the nine months ended September 30, 2021, compared to 19.8% for the same period in the prior year—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted Compensation and Benefits Expense increased $191.2 million, or 44.0% and the Adjusted Compensation and Benefits Expense Ratio decreased 3.5% from 62.8% to 59.3% period-over-period – see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted General and Administrative Expense increased $23.5 million, or 36.0%, and the Adjusted General and Administrative Expense Ratio decreased 1.1% from 9.5% to 8.4% period-over-period – see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted EBITDAC increased 77.3% year-over-year to $339.9 million—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted EBITDAC Margin increased to 32.2% from 27.7% year-over-year—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted Net Income and Adjusted Net Income Margin increased to $209.7 million and 19.9%, respectively, from $121.3 million and 17.5% for the nine months ended September 30, 2021 compared to the same period in 2020—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.
- Adjusted Diluted Earnings per Share was $0.78 for the nine months ended September 30, 2021—see "Non-GAAP Financial Measures and Key Performance Indicators" for further information.

## Components of Results of Operations

### Revenue

***Net Commissions and Fees***

Net commissions and fees are derived primarily by commissions from our three Specialties, which are calculated as a percentage of the total insurance policy premium. We are paid commissions for our role as an intermediary in facilitating the placement of coverage in the insurance distribution chain. In our Wholesale Brokerage and Binding Authority Specialties, we generally work with retail insurance brokers to secure insurance coverage for their clients, who are the ultimate insured party. In our Underwriting Management Specialty, we generally work with retail insurance brokers and often other wholesale brokers to secure insurance coverage for the ultimate insured party. Our commissions and fees are usually a percentage of the premium paid by the insured and generally depend on the type of insurance, the carriers involved and the nature of the services we provide in a given transaction. We share a portion of these commissions with the retail insurance broker and recognize revenue on a net basis. Additionally, carriers may also pay us a contingent commission or volume-based commission, both of which represent forms of contingent or supplemental consideration associated with the placement of coverage and are based primarily on underwriting results, but may also contain considerations for only volume, growth and/or retention. We also receive loss mitigation and other fees that are not dependent on the placement of a risk.

***Fiduciary Investment Income***

Fiduciary investment income consists of interest earned on insurance premiums that are held in a fiduciary capacity, in cash and cash equivalents, until disbursed.

### Expenses

***Compensation and Benefits***

Compensation and benefits is our largest expense. It consists of (i) salary, incentives and benefits paid and payable to employees, and commissions paid and payable to our producers; and (ii) equity-based compensation associated with the grants of awards to employees and executives. We operate in competitive markets for human capital and we need to maintain competitive compensation levels as we expand geographically and create new products and services.

***General and Administrative***

General and administrative expense includes travel and entertainment expenses, office expenses, accounting, legal, insurance and other professional fees, and other costs associated with our operations. Our occupancy-related costs and professional services expenses, in particular, generally increase or decrease in relative proportion to the number of our employees and the overall size and scale of our business operations.

***Amortization***

Amortization expense consists primarily of amortization related to intangible assets we acquired in connection with our acquisitions. Intangible assets consist of customer relationships, trade names, and internally developed software.

***Interest***

Interest expense consists of interest payable on indebtedness, imputed interest on finance leases and contingent consideration, and amortization of deferred debt issuance costs.

### Other Non-Operating (Loss) Income

Other non-operating (loss) income includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value is due to the occurrence of a Realization Event in the third quarter of 2021, which was defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. It also includes the change in fair value of interest rate swaps which were extinguished in 2020 and the expense associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt in the first quarter of 2021.

### Income Tax Expense (Benefit)

Income tax expense (benefit) includes tax on the Company's allocable share of any net taxable income from RSG LLC, as well as earnings from our foreign subsidiaries and C-Corps subject to entity level taxation.

**Non-Controlling Interest**

Our historical financial statements include the non-controlling interest related to the net income attributable to Ryan Re.

**Results of Operations**

Below is a summary table of the financial results and Non-GAAP measures that we find relevant to our business operations:

| | Three months ended September 30, | | Change | | Nine months ended September 30, | | Change | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2021 | 2020 | $ | % | 2021 | 2020 | $ | % |
| **Revenue** | | | | | | | | |
| Net commissions and fees | $ 352,610 | $ 236,683 | $ 115,927 | 49.0 % | $ 1,053,800 | $ 689,833 | $ 363,967 | 52.8 % |
| Fiduciary investment income | 156 | 128 | 28 | 21.9 | 436 | 1,494 | (1,058 ) | (70.8 ) |
| **Total revenue** | **$ 352,766** | **$ 236,811** | **$ 115,955** | **49.0 %** | **$ 1,054,236** | **$ 691,327** | **$ 362,909** | **52.5 %** |
| **Expenses** | | | | | | | | |
| Compensation and benefits | 286,538 | 162,981 | 123,557 | 75.8 | 737,825 | 461,094 | 276,731 | 60.0 |
| General and administrative | 38,754 | 31,370 | 7,384 | 23.5 | 96,984 | 81,755 | 15,229 | 18.6 |
| Amortization | 26,982 | 15,640 | 11,342 | 72.5 | 82,095 | 34,789 | 47,306 | 136.0 |
| Depreciation | 1,179 | 1,029 | 150 | 14.6 | 3,601 | 2,658 | 943 | 35.5 |
| Change in contingent consideration | 43 | (35 ) | 78 | (222.9 ) | 2,356 | 997 | 1,359 | 136.3 |
| **Total operating expenses** | **$ 353,496** | **$ 210,985** | **$ 142,511** | **67.5 %** | **$ 922,861** | **$ 581,293** | **$ 341,568** | **58.8 %** |
| **Operating income (loss)** | **$ (730 )** | **$ 25,826** | **$ (26,556 )** | **(102.8 )%** | **$ 131,375** | **$ 110,034** | **$ 21,341** | **19.4 %** |
| Interest expense | 21,193 | 10,859 | 10,334 | 95.2 | 60,224 | 26,295 | 33,929 | 129.0 |
| Income from equity method investment in related party | 176 | 326 | (150 ) | (46.0 ) | 610 | 413 | 197 | 47.7 |
| Other non-operating (loss) income | (16,211 ) | (1,574 ) | (14,637 ) | 929.9 | (45,547 ) | (4,066 ) | (41,481 ) | 1,020.2 |
| **Income (loss) before income taxes** | **$ (37,958 )** | **$ 13,719** | **$ (51,677 )** | **(376.7 )%** | **$ 26,214** | **$ 80,086** | **$ (53,872 )** | **(67.3 )%** |
| Income tax expense (benefit) | (5,368 ) | 2,923 | (8,291 ) | (283.6 ) | (802 ) | 6,085 | (6,887 ) | (113.2 ) |
| **Net income (loss)** | **$ (32,590 )** | **$ 10,796** | **$ (43,386 )** | **(401.9 )%** | **$ 27,016** | **$ 74,001** | **$ (46,985 )** | **(63.5 )%** |
| **GAAP financial measures** | | | | | | | | |
| Revenue | $ 352,766 | $ 236,811 | $ 115,955 | 49.0 % | $ 1,054,236 | $ 691,327 | $ 362,909 | 52.5 % |
| Compensation and benefits | 286,538 | 162,981 | 123,557 | 75.8 | 737,825 | 461,094 | 276,731 | 60.0 |
| General and administrative | 38,754 | 31,370 | 7,384 | 23.5 | 96,984 | 81,755 | 15,229 | 18.6 |
| Net Income (loss) | $ (32,590 ) | $ 10,796 | $ (43,386 ) | (401.9 )% | $ 27,016 | $ 74,001 | $ (46,985 ) | (63.5 )% |
| Compensation and Benefits Expense Ratio | 81.2 % | 68.8 % | | | 70.0 % | 66.7 % | | |
| General and Administrative Expense Ratio | 11.0 % | 13.2 % | | | 9.2 % | 11.8 % | | |
| Net Income (loss) Margin | (9.2 )% | 4.6 % | | | 2.6 % | 10.7 % | | |
| Earnings (loss) per Share | $ (0.16 ) | | | | $ (0.16 ) | | | |
| Diluted Earnings (loss) per Share | $ (0.16 ) | | | | $ (0.16 ) | | | |

| (in thousands, except percentages) | Three months ended September 30, 2021 | 2020 | Change $ | Change % | Nine months ended September 30, 2021 | 2020 | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|
| **Non-GAAP financial measures*** | | | | | | | | |
| Organic Revenue Growth Rate | 28.9 % | 13.6 % | | | 25.6 % | 19.8 % | | |
| Adjusted Compensation and Benefits Expense | $ 212,590 | $ 149,058 | $ 63,532 | 42.6 % | $ 625,452 | $ 434,209 | $ 191,243 | 44.0 % |
| Adjusted Compensation and Benefits Expense Ratio | 60.3 % | 62.9 % | | | 59.3 % | 62.8 % | | |
| Adjusted General and Administrative Expense | $ 35,153 | $ 20,393 | $ 14,760 | 72.4 % | $ 88,870 | $ 65,366 | $ 23,504 | 36.0 % |
| Adjusted General and Administrative Expense Ratio | 10.0 % | 8.6 % | | | 8.4 % | 9.5 % | | |
| Adjusted EBITDAC | $ 105,023 | $ 67,360 | $ 37,663 | 55.9 % | $ 339,914 | $ 191,752 | $ 148,162 | 77.3 % |
| Adjusted EBITDAC Margin | 29.8 % | 28.4 % | | | 32.2 % | 27.7 % | | |
| Adjusted Net Income | $ 62,949 | $ 41,664 | $ 21,285 | 51.1 % | $ 209,739 | $ 121,261 | $ 88,478 | 73.0 % |
| Adjusted Net Income Margin | 17.8 % | 17.6 % | | | 19.9 % | 17.5 % | | |
| Adjusted Diluted Earnings per Share | $ 0.24 | | | | $ 0.78 | | | |

* These measures are Non-GAAP. Please refer to the section entitled “Non-GAAP Financial Measures and Key Performance Indicators” below for definitions and reconciliations to the most directly comparable GAAP measure.

**Comparison of the Three Months Ended September 30, 2021 and 2020**

**Revenue**

***Net Commissions and Fees***

Net commissions and fees increased by $115.9 million or 49.0% from $236.7 million to $352.6 million for the three months ended September 30, 2021 as compared to the same period in the prior year. The two main drivers of the revenue increase are 18.8% growth from the All Risks Acquisition and 28.9% of organic revenue growth.

| | Three months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2021 | % of total | 2020 | % of total | Change | |
| Wholesale Brokerage | $ 229,146 | 65.0 % | $ 154,484 | 65.3 % | $ 74,662 | 48.3 % |
| Binding Authorities | 52,795 | 15.0 | 36,130 | 15.3 | 16,665 | 46.1 |
| Underwriting Management | 70,669 | 20.0 | 46,069 | 19.4 | 24,600 | 53.4 |
| **Total Net commissions and fees** | **$ 352,610** | | **$ 236,683** | | **$ 115,927** | **49.0 %** |

Wholesale Brokerage net commissions and fees increased by $74.7 million or 48.3% period-over-period, primarily due to strong organic growth within this specialty for the quarter as well as contributions from the All Risks Acquisition for the months of July and August.

Binding Authority net commissions and fees increased by $16.7 million or 46.1% period-over-period, primarily due to strong organic growth within the specialty for the quarter as well as contributions from the All Risks Acquisition for the months of July and August.

Underwriting Management net commissions and fees increased by $24.6 million or 53.4% period-over-period, primarily due to strong organic growth within the specialty for the quarter as well as contributions from the All Risks Acquisition for the months of July and August.

The following table sets forth our revenue by type of commission and fees:

| | Three months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | **2021** | **% of total** | **2020** | **% of total** | **Change** | |
| Net commissions and policy fees | $ 338,335 | 96.0 % | $ 228,111 | 96.4 % | $ 110,224 | 48.3 % |
| Supplemental and contingent commissions | 8,313 | 2.3 | 5,026 | 2.1 | 3,287 | 65.4 |
| Loss mitigation and other fees | 5,962 | 1.7 | 3,546 | 1.5 | 2,416 | 68.1 |
| **Total Net commissions and fees** | **$ 352,610** | | **$ 236,683** | | **$ 115,927** | **49.0 %** |

Net commissions and policy fees grew 48.3%, slightly lower than the overall net commissions and fee revenue growth of 49.0% for the three months ended September 30, 2021 as compared to the same period in the prior year. The main drivers of this growth continue to be the acquisition of new business and expansion of ongoing client relationships in response to the increasing demand for new, complex E&S products as well as the inflow of risks from the admitted market into the E&S market. In aggregate, we experienced stable commission rates period over period. Net commissions and policy fees continue to represent more than 90% of total net commissions and fees period-over-period.

Supplemental and contingent commissions increased 65.4% period-over-period driven by the performance of risks placed on eligible business and the addition to the supplemental and contingent commissions contributed by the All Risks Acquisition. Supplemental and contingent commissions continue to represent less than 10% of total commissions and fees period-over-period.

Loss mitigation and other fees grew 68.1% period-over-period primarily due to increased capital markets activity in 2021. These fees continue to represent less than 2% of total net commissions and fees period-over-period.

**Expenses**

***Compensation and Benefits***

Compensation and benefits expense increased by $123.6 million or 75.8% from $163.0 million to $286.5 million for the three months ended September 30, 2021 compared to the same period in 2020. The following were the principal drivers of this increase:

- A $57.6 million increase from Initial public offering related compensation expense, which reflects charges associated with both the revaluation of existing equity grants at the time of our IPO as well as the first quarter of expense related to the new awards issued in connection with the IPO. The expense associated with both the revaluation of existing awards as well as the issuance of new equity awards both directly relate to the Organizational Transactions and IPO, however amounts related to each will continue to be expensed over future periods as the underlying awards vest;

- Commissions increased $38.5 million or 57.1% period-over-period, driven by the 49.0% increase in total Net Commissions and Fees discussed above;

- A $6.9 million impact from acquisition related long-term incentive compensation, reflecting our assumption of obligations in the All Risks Acquisition. All Risks had previously established various performance and service based long-term incentive plans for executives, producers and key employees which provided that upon a change of control event, the aggregate amount payable under each plan would be calculated and fixed upon close of the change of control event. We expect to recognize acquisition related long-term incentive compensation expense of approximately $37.0 million for the twelve months ended 2021 and an aggregate of approximately $20.0 million thereafter; and

- The remaining $20.6 million period-over-period increase was driven by (i) the addition of 840 employees through the All Risks Acquisition, which closed on September 1, 2020 and (ii) growth in the business. Overall headcount increased to 3,427 full-time employees as of September 30, 2021 from 3,316 as of September 30, 2020.

This expense increase was partially offset by $5.0 million of net savings related to the Restructuring Plan representing approximately $5.9 million of work-force related savings less one-time work-force related expense of $0.9 million for the three months ended September 30, 2021 (see “Significant Events and Transactions—2020 Restructuring Plan” for further information).

The net impact of revenue growth and the factors above resulted in a Compensation and Benefits Expense Ratio increase of 12.4% from 68.8% to 81.2% period-over-period.

We expect to continue to experience a general rise in commissions, salaries, incentives and benefits expense commensurate with our expected growth in business volume, revenue and headcount.

***General and Administrative***

General and administrative expense increased by $7.4 million or 23.5% from $31.4 million to $38.8 million for the three months ended September 30, 2021 as compared to the same period in the prior year. A main driver of this increase was $3.4 million of increased travel and entertainment expense as travel restrictions associated with the pandemic began to lift compared to the same period in 2020. The remaining increase of $4.0 million was driven by $13.7 million of expenses incurred to accommodate revenue expansion and the All Risks Acquisition, such as IT, professional services, occupancy, and insurance, partially offset by a $9.7 million decrease in acquisition-related expense.

The net impact of revenue growth and the factors above resulted in a General and Administrative Expense Ratio decrease of 2.2% from 13.2% to 11.0% period-over-period.

***Amortization***

Amortization expense increased by $11.3 million or 72.5% from $15.6 million to $27.0 million for the three months ended September 30, 2021 compared to the same period in the prior year. The main driver was approximately $18.5 million of amortization from acquired intangibles from the All Risks Acquisition. Our intangible assets decreased by $103.7 million as of September 30, 2021 as compared to September 30, 2020.

***Interest***

Interest expense increased $10.3 million or 95.2% from $10.9 million to $21.2 million for the three months ended September 30, 2021 compared to the same period in the prior year. The main driver of the change in interest expense for the three months ended September 30, 2021 was an increase in debt, which was undertaken in connection with the All Risks Acquisition completed in September 2020.

**Other Non-Operating (Loss) Income**

Other non-operating (loss) income decreased by $14.6 million to a loss of $16.2 million for the three months ended September 30, 2021 as compared to a loss of $1.6 million in the same period in the prior year. The main driver of the loss was the $16.3 million change in the fair value of the embedded derivatives of our Redeemable Preferred Units. This embedded derivative is a make whole penalty payable when the Redeemable Preferred Units were redeemed less than five years from the anniversary of the their issuance date. The resulting loss recorded as of September 30, 2021 represents the recognition of the remaining make whole charge for the Redeemable Preferred Units, which were redeemed in connection with the Organizational Transactions and IPO.

**Income before Income Taxes**

Due to the factors above, Income (loss) before income taxes decreased $51.7 million from a profit of $13.7 million to a loss of $(38.0) million for the three months ended September 30, 2021 compared to the same period in the prior year.

**Income Tax Expense (Benefit)**

Income tax expense (benefit) decreased $8.3 million from $2.9 million to $(5.4) million for the three months ended September 30, 2021 as compared to the same period in the prior year as a result of a loss allocated from RSG LLC to the Company in the post-IPO period.

**Net Income (Loss)**

Net income (loss) decreased $43.4 million from a profit of $10.8 million to a loss of $(32.6) million for the three months ended September 30, 2021 compared to the same period in the prior year as a result of the factors described above.

**Comparison of the Nine Months Ended September 30, 2021 and 2020**

**Revenue**

***Net Commissions and Fees***

Net commissions and fees increased by $364.0 million or 52.8% from $689.8 million to $1,053.8 million in 2021 period-over-period. The two main drivers of the revenue increase are 26.7% growth from the All Risks Acquisition and 25.6% of organic revenue growth.

| | Nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2021 | % of total | 2020 | % of total | Change | |
| Wholesale Brokerage | $ 676,229 | 64.2 % | $ 460,706 | 66.8 % | $ 215,523 | 46.8 % |
| Binding Authorities | 161,436 | 15.3 | 101,837 | 14.8 | 59,599 | 58.5 |
| Underwriting Management | 216,135 | 20.5 | 127,290 | 18.4 | 88,845 | 69.8 |
| **Total Net commissions and fees** | **$ 1,053,800** | | **$ 689,833** | | **$ 363,967** | **52.8 %** |

Wholesale Brokerage net commissions and fees increased by $215.5 million or 46.8% period-over-period, primarily due to strong organic growth within this specialty as well as contributions from the All Risks Acquisition through August. All Risks contributed to organic growth for the month of September.

Binding Authority net commissions and fees increased by $59.6 million or 58.5% period-over-period, primarily due to strong organic growth within this specialty as well as contributions from the All Risks Acquisition through August. All Risks contributed to organic growth for the month of September.

Underwriting Management net commissions and fees increased by $88.8 million or 69.8% in 2021 as compared to 2020, primarily due to strong organic growth within the specialty, as well as the contributions from the All Risks Acquisition through August. All Risks contributed to organic growth for the month of September.

The following table sets forth our revenue by type of commission and fees:

| | Nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | 2021 | % of total | 2020 | % of total | Change | |
| Net commissions and policy fees | $ 1,007,192 | 95.6 % | $ 655,309 | 95.0 % | $ 351,883 | 53.7 % |
| Supplemental and contingent commissions | 29,849 | 2.8 | 25,528 | 3.7 | 4,321 | 16.9 |
| Loss mitigation and other fees | 16,759 | 1.6 | 8,996 | 1.3 | 7,763 | 86.3 |
| **Total Net commissions and fees** | **$ 1,053,800** | | **$ 689,833** | | **$ 363,967** | **52.8 %** |

Net commissions and policy fees increased 53.7% just ahead of the overall total net commissions and fees growth of 52.8% period-over-period. This growth was driven by increased volume from both new and existing clients in response to the increasing demand for E&S products. Multiple classes of risk experienced year-over-year premium rate increases, which drives commission revenue growth that is typically calculated as a percentage of total insurance policy premium. In aggregate, we experienced stable commission rates period over period. Net commissions and policy fees continue to represent more than 90% of total net commissions and fees period-over-period.

Supplemental and contingent commissions increased 16.9% period-over-period driven by the performance of risks placed on eligible business and the additional supplemental and contingent commissions contributed by the All Risks Acquisition. Supplemental and contingent commissions continue to represent less than 10% of total commissions and fees period-over-period.

Loss mitigation and other fees grew 86.3% period-over-period primarily due to increased capital markets activity in 2021. These fees continue to represent less than 2% of total net commissions and fees period-over-period.

**Expenses**

***Compensation and Benefits***

Compensation and benefits expense increased by $276.7 million or 60.0% from $461.1 million to $737.8 million for the nine months ended September 30, 2021 as compared to the same period in 2020. The following were the principal drivers of this increase:

- Commissions increased $117.3 million or 58.6% between periods, driven by the 52.8% increase in total net commissions and fees discussed above;
- A $57.6 million increase from Initial public offering related compensation expense, which reflects charges associated with both the revaluation of existing equity grants at the time of our IPO as well as the first quarter of expense related to the new awards issued in connection with the IPO. The expense associated with both the revaluation of existing awards

as well as the issuance of new equity awards both directly relate to the Organizational Transactions and IPO, however amounts related to each will continue to be expensed over future periods as the underlying awards vest;

- A $24.4 million impact from acquisition related long-term incentive compensation, reflecting our assumption of obligations in the All Risks Acquisition. All Risks had previously established various performance and service based long-term incentive plans for executives, producers and key employees which provided that upon a change of control event, the aggregate amount payable under each plan would be calculated and fixed upon close of the change of control event. We expect to recognize acquisition related long-term incentive compensation expense of approximately $37.0 million in 2021, of which $27.4 million has been recognized for the nine months ended September 30, 2021, with approximately $20.0 million to be recognized thereafter; and

- The remaining $77.4 million period-over-period increase was driven by (i) the addition of 840 employees through the All Risks Acquisition, which closed on September 1, 2020, and (ii) growth in the business. Overall headcount increased to 3,427 full-time employees as of September 30, 2021 from 3,316 as of September 30, 2020.

This expense increase was partially offset by a $6.8 million of net savings related to the Restructuring Plan representing approximately $16.0 million of work-force related savings less one-time work-force related expense of $9.2 million for the nine months ended September 30, 2021 (see "Significant Events and Transactions—2020 Restructuring Plan" for further information).

The net impact of revenue growth and the factors above resulted in a Compensation and Benefits Expense Ratio increase of 3.3% from 66.7% to 70.0% period-over-period. We expect to continue to experience a general rise in commissions, salaries, incentives and benefits expense commensurate with our expected growth in business volume, revenue and headcount.

***General and Administrative***

General and administrative expense increased by $15.2 million or 18.6% period-over-period from $81.8 million to $97.0 million as a result of revenue expansion and the All Risks Acquisition. Such expenses incurred to accommodate both organic and inorganic revenue growth include IT, occupancy, insurance and professional services.

Travel and entertainment expense increased $1.3 million period-over-period but the current period expense was limited due to travel restrictions from the COVID-19 pandemic. As travel restrictions are lifted we expect travel and entertainment expense to increase.

The net impact of revenue growth and the factors above resulted in a General and Administrative Expense Ratio improvement of 2.6% from 11.8% to 9.2% period-over-period.

***Amortization***

Amortization expense increased by $47.3 million or 136.0% from $34.8 million to $82.1 million for the nine months ended September 30, 2021 as compared to the same period in 2020. The main driver was approximately $50.5 million of amortization from acquired intangibles from the All Risks Acquisition. Our intangible assets decreased by $103.7 million as of September 30, 2021 as compared to as of September 30, 2020.

***Interest Expense***

Interest expense increased $33.9 million or 129.0% from $26.3 million to $60.2 million period-over-period. The main driver of the change in interest expense for the nine months ended September 30, 2021 was an increase in debt, which was undertaken in connection with the All Risks Acquisition completed in September 2020.

**Other Non-Operating (Loss) Income**

Other non-operating (loss) income decreased by $41.5 million from a loss of $4.1 million to a loss of $45.5 million for the nine months ended September 30, 2021. The main driver of the loss was a $36.9 million change in the fair value of the embedded derivatives of our Redeemable Preferred Units. This embedded derivative is a make whole penalty payable when the Redeemable Preferred Units were redeemed less than five years from the anniversary of their issuance date. The resulting loss recorded as of September 30, 2021 represents the recognition of the remaining make whole charge for the Redeemable Preferred Units, which were redeemed in connection with the Organizational Transactions and IPO. The second driver of this increase was $8.6 million of debt issuance costs written off due to the extinguishment of a portion of the term debt due to the repricing in the first quarter of 2021 which is partially offset by a loss on the interest rates swaps for the nine months ended September 30, 2020, which were settled during 2020.

**Income before Income Taxes**

Due to the factors above, Income before income taxes decreased $53.9 million or 67.3% from $80.1 million to $26.2 million for the nine months ended September 30, 2021 as compared to the same period in 2020.

**Income Tax Expense (Benefit)**

Income tax expense (benefit) decreased $6.9 million from $6.1 million to $(0.8) million period-over-period as a result of a loss allocated from RSG LLC to the Company in the post-IPO period.

**Net Income**

Net income decreased $47.0 million from $74.0 million to $27.0 million period-over-period as a result of the factors described above.

**Non-GAAP Financial Measures and Key Performance Indicators**

We consider a variety of financial measures in assessing the performance of our business. We regularly review the following Non-GAAP measures when assessing performance: Organic Revenue Growth Rate, Adjusted Compensation and Benefits Expense, Adjusted Compensation and Benefits Expense Ratio, Adjusted General and Administrative Expense, Adjusted General and Administrative Expense Ratio, Adjusted EBITDAC, Adjusted EBITDAC Margin, Adjusted Net Income, Adjusted Net Income Margin, and Adjusted Diluted Earnings per Share. Our use of Non-GAAP financial measures may vary from the use of similar terms by other companies in our industry and accordingly may not be comparable to similarly titled measures used by other companies. As a result, Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for the consolidated financial statements prepared and presented in accordance with GAAP. The footnotes to the reconciliation tables below should be read in conjunction with the unaudited quarterly consolidated financial statements.

**Organic Revenue Growth Rate**

Organic Revenue Growth Rate is a Non-GAAP measure that we use to help management and investors understand and evaluate the growth of our business without the impacts of acquisitions, which affects the comparability of results from period to period. The Organic Revenue Growth Rate represents the percentage change in revenue, as compared to the same period for the year prior, adjusted for revenue attributable to recent acquisitions during the first 12 months of Ryan Specialty's ownership, and other adjustments such as contingent commissions, fiduciary investment income, and foreign exchange rates.

This supplemental information related to the Organic Revenue Growth Rate represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, the consolidated financial statements. Industry peers provide similar supplemental information about their revenue performance, although they may not make identical adjustments.

A reconciliation of Organic Revenue Growth Rate to Total Revenue Growth Rate, the most directly comparable GAAP measure, for each of the periods indicated is as follows (in percentages):

| | Three months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| **Total Revenue Growth Rate (GAAP) (1)** | **49.0 %** | **22.4 %** |
| Less: Mergers and Acquisitions (2) | (18.8 ) | (9.8 ) |
| Change in Other (3) | (1.3 ) | 1.0 |
| **Organic Revenue Growth Rate (Non-GAAP)** | **28.9 %** | **13.6 %** |

(1) September 30, 2021 revenue of $352.8 million less September 30, 2020 revenue of $236.8 million is a $116.0 million period-over-period change. The change, $116.0 million, divided by the September 30, 2020 revenue of $236.8 million is a total revenue change of 49.0%. September 30, 2020 revenue of $236.8 million less September 30, 2019 revenue of $193.5 million is a $43.3 million period-over-period change. The change, $43.3 million, divided by the September 30, 2019 revenue of $193.5 million is a total revenue change of 22.4%. Refer to "Results of Operations" for further details.

(2) The mergers and acquisitions adjustment excludes net commission and fees revenue generated during the first 12 months following an acquisition. The total adjustment for the three months ended September 30, 2021 and three months ended September 30, 2020 was $44.4 million and $19.0 million, respectively.

(3) The other adjustments exclude the period-over-period change in contingent commissions, fiduciary investment income, and foreign exchange rates. The total adjustment for the three months ended September 30, 2021 and three months ended September 30, 2020 was $2.9 million and $1.9 million, respectively.

| | Nine months ended September 30, | |
|---|---|---|
| | **2021** | **2020** |
| **Total Revenue Growth Rate (GAAP) (1)** | **52.5 %** | **26.8 %** |
| Less: Mergers and Acquisitions (2) | (26.7 ) | (7.5 ) |
| Change in Other (3) | (0.2 ) | 0.5 |
| **Organic Revenue Growth Rate (Non-GAAP)** | **25.6 %** | **19.8 %** |

(1) September 30, 2021 revenue of $1,054.2 million less September 30, 2020 revenue of $691.3 million is a $362.9 million year-over-year change. The change, $362.9 million, divided by the September 30, 2020 revenue of $691.3 million is a total revenue change of 52.5%. September 30, 2020 revenue of $691.3 million less September 30, 2019 revenue of $545.3 million is a $146.1 million year-over-year change. The change, $146.1 million, divided by the September 30, 2019 revenue of $545.3 million is a total revenue change of 26.8%. Refer to “Results of Operations” for further details.

(2) The mergers and acquisitions adjustment excludes net commission and fees revenue generated during the first 12 months following an acquisition. The total adjustment for the nine months ended September 30, 2021 and nine months ended September 30, 2020 was $184.4 million and $40.6 million, respectively.

(3) The other adjustments exclude the year-over-year change in contingent commissions, fiduciary investment income, and foreign exchange rates. The total adjustment for the nine months ended September 30, 2021 and 2020 was $1.2 million and $3.2 million, respectively.

**Adjusted Compensation and Benefits Expense and Adjusted Compensation and Benefits Expense Ratio**

We believe Adjusted Compensation and Benefits Expense and Adjusted Compensation and Benefits Expense Ratio provide relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by management because it provides a clear representation of our core compensation and benefits and general and administrative expenses as well as improves comparability between periods, and eliminates the impact of the items that do not relate to the ongoing operations of the business.

We define Adjusted Compensation and Benefits Expense as Compensation and benefits adjusted to reflect items such as (i) equity-based compensation, (ii) acquisition and restructuring related compensation expense, and (iii) other exceptional or non-recurring items, as applicable. The most comparable GAAP financial metric is Compensation and Benefits Expense.

Adjusted Compensation and Benefits Expense Ratio is defined as Adjusted Compensation and Benefits Expense as a percentage of total revenue. The most comparable GAAP financial metric is Compensation and Benefits Expense Ratio.

A reconciliation of Adjusted Compensation and Benefits Expense and Adjusted Compensation and Benefits Expense Ratio to Compensation and Benefits Expense and Compensation and Benefits Expense Ratio, the most directly comparable GAAP measures, for each of the periods indicated, is as follows:

| | Three months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 352,766** | **$ 236,811** |
| **Compensation and Benefits Expense** | **$ 286,538** | **$ 162,981** |
| Acquisition-related expense | — | (2,811 ) |
| Acquisition related long-term incentive compensation | (10,333 ) | (3,419 ) |
| Restructuring and related expense | (895 ) | (3,301 ) |
| Amortization and expense related to discontinued prepaid incentives | (1,759 ) | (1,974 ) |
| Equity-based compensation | (3,371 ) | (2,422 ) |
| Discontinued programs expense | — | 4 |
| Initial public offering related expense | (57,590 ) | — |
| **Adjusted Compensation and Benefits Expense (1)** | **$ 212,590** | **$ 149,058** |
| **Compensation and Benefits Expense Ratio (2)** | **81.2 %** | **68.8 %** |
| **Adjusted Compensation and Benefits Expense Ratio (3)** | **60.3 %** | **62.9 %** |

(1) Adjustments to Compensation and Benefits Expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net Income in "Adjusted EBITDAC and Adjusted EBITDAC Margin".

(2) Compensation and Benefits Expense Ratio is Compensation and Benefits Expense as a percentage of total revenue.

(3) Adjusted Compensation and Benefits Expense Ratio is Adjusted Compensation and Benefits Expense as a percentage of total revenue.

| | Nine months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 1,054,236** | **$ 691,327** |
| **Compensation and Benefits Expense** | **$ 737,825** | **$ 461,094** |
| Acquisition-related expense | — | (4,423 ) |
| Acquisition related long-term incentive compensation | (28,837 ) | (4,483 ) |
| Restructuring and related expense | (9,246 ) | (3,301 ) |
| Amortization and expense related to discontinued prepaid incentives | (5,441 ) | (7,037 ) |
| Equity-based compensation | (11,259 ) | (7,153 ) |
| Discontinued programs expense | — | (488 ) |
| Initial public offering related expense | (57,590 ) | — |
| **Adjusted Compensation and Benefits Expense (1)** | **$ 625,452** | **$ 434,209** |
| **Compensation and Benefits Expense Ratio (2)** | **70.0 %** | **66.7 %** |
| **Adjusted Compensation and Benefits Expense Ratio (3)** | **59.3 %** | **62.8 %** |

(1) Adjustments to Compensation and Benefits Expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net Income in "Adjusted EBITDAC and Adjusted EBITDAC Margin".

(2) Compensation and Benefits Expense Ratio is Compensation and Benefits Expense as a percentage of total revenue.

(3) Adjusted Compensation and Benefits Expense Ratio is Adjusted Compensation and Benefits Expense as a percentage of total revenue.

**Adjusted General and Administrative Expense and Adjusted General and Administrative Expense Ratio**

We believe Adjusted General and Administrative Expense and Adjusted General and Administrative Expense Ratio provide relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by management because

it provides a clear representation of our core general and administrative expenses as well as improves comparability between periods, and eliminates the impact of the items that do not relate to the ongoing operations of the business.

We define Adjusted General and Administrative Expense as General and Administrative expense adjusted to reflect items such as (i) acquisition and restructuring general and administrative related expense, and (ii) other exceptional or non-recurring items, as applicable. The most comparable GAAP financial metric is General and Administrative Expense.

Adjusted General and Administrative Expense Ratio is defined as Adjusted General and Administrative Expense as a percentage of total revenue. The most comparable GAAP financial metric is General and Administrative Expense Ratio.

A reconciliation of Adjusted General and Administrative Expense and Adjusted General and Administrative Expense Ratio to General and Administrative Expense and General and Administrative Expense Ratio, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Three months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 352,766** | **$ 236,811** |
| **General and Administrative Expense** | **$ 38,754** | **$ 31,370** |
| Acquisition-related expense | (106 ) | (9,792 ) |
| Restructuring and related expense | (2,465 ) | (397 ) |
| Discontinued programs expense | — | (698 ) |
| Other non-recurring expense | — | (90 ) |
| Initial public offering related expense | (1,030 ) | — |
| **Adjusted General and Administrative Expense (1)** | **$ 35,153** | **$ 20,393** |
| **General and Administrative Expense Ratio (2)** | **11.0 %** | **13.2 %** |
| **Adjusted General and Administrative Expense Ratio (3)** | **10.0 %** | **8.6 %** |

(1) Adjustments to General and Administrative Expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net Income in "Adjusted EBITDAC and Adjusted EBITDAC Margin".

(2) General and Administrative Expense Ratio is General and Administrative Expense as a percentage of total revenue.

(3) Adjusted General and Administrative Expense Ratio is Adjusted General and Administrative Expense as a percentage of total revenue.

| | Nine months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 1,054,236** | **$ 691,327** |
| **General and Administrative Expense** | **$ 96,984** | **$ 81,755** |
| Acquisition-related expense | (2,128 ) | (13,783 ) |
| Restructuring and related expense | (4,286 ) | (1,822 ) |
| Discontinued programs expense | — | (601 ) |
| Other non-recurring expense | (354 ) | (183 ) |
| Initial public offering related expense | (1,346 ) | — |
| **Adjusted General and Administrative Expense (1)** | **$ 88,870** | **$ 65,366** |
| **General and Administrative Expense Ratio (2)** | **9.2 %** | **11.8 %** |
| **Adjusted General and Administrative Expense Ratio (3)** | **8.4 %** | **9.5 %** |

(1) Adjustments to General and Administrative Expense are described in the footnotes of the reconciliation of Adjusted EBITDAC to Net Income in "Adjusted EBITDAC and Adjusted EBITDAC Margin".

(2) General and Administrative Expense Ratio is General and Administrative Expense as a percentage of total revenue.

(3) Adjusted General and Administrative Expense Ratio is Adjusted General and Administrative Expense as a percentage of total revenue.

**Adjusted EBITDAC and Adjusted EBITDAC Margin**

We believe that Adjusted EBITDAC and Adjusted EBITDAC Margin provide relevant and useful information, which is widely used by analysts, investors and competitors in our industry as well as by management because it provides a clear representation of our operating performance and the profitability of our business on a run-rate basis, improves comparability between periods, and eliminates the impact of the items that do not relate to the ongoing operating performance of the business.

We define Adjusted EBITDAC as Net Income before interest expense, income tax expense (benefit), depreciation, amortization, and change in contingent consideration, adjusted to reflect items such as (i) equity-based compensation, (ii) acquisition and restructuring related expenses, and (iii) other exceptional or non-recurring items, as applicable. Total revenue less Adjusted Compensation and Benefits Expense and Adjusted General and Administrative Expense is equivalent to Adjusted EBITDAC. The most directly comparable GAAP financial metric is Net Income. Adjusted EBITDAC Margin is defined as Adjusted EBITDAC as a percentage of total revenue. The most comparable GAAP financial metric is Net Income Margin. These measures do not deduct earnings related to the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business.

Adjusted EBITDAC and Adjusted EBITDAC Margin may be useful to an investor in evaluating our operating performance and efficiency because these measures are widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company to company depending upon acquisition activity and capital structure, These measures also eliminate the impact of expenses that do not relate to core business performance, among other factors. Further, these measures are used by our leadership and Board of Directors for assessing financial performance, strategic planning, and forecasting.

Adjusted EBITDAC and Adjusted EBITDAC Margin have limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP.

A reconciliation of Adjusted EBITDAC and Adjusted EBITDAC Margin to Net Income and Net Income Margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Three months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 352,766** | **$ 236,811** |
| **Net Income (loss)** | **$ (32,590 )** | **$ 10,796** |
| Interest expense | 21,193 | 10,859 |
| Income tax expense (benefit) | (5,368 ) | 2,923 |
| Depreciation | 1,179 | 1,029 |
| Amortization | 26,982 | 15,640 |
| Change in contingent consideration | 43 | (35 ) |
| **EBITDAC** | **$ 11,439** | **$ 41,212** |
| Acquisition-related expense (1) | 106 | 12,603 |
| Acquisition related long-term incentive compensation (2) | 10,333 | 3,419 |
| Restructuring and related expense (3) | 3,360 | 3,698 |
| Amortization and expense related to discontinued prepaid incentives (4) | 1,759 | 1,974 |
| Other non-operating loss (income) (5) | 16,211 | 1,574 |
| Equity-based compensation (6) | 3,371 | 2,422 |
| Discontinued programs expense (7) | — | 694 |
| Other non-recurring expense (8) | — | 90 |
| IPO related expenses (9) | 58,620 | — |
| (Income) from equity method investments in related party | (176 ) | (326 ) |
| **Adjusted EBITDAC (10)** | **$ 105,023** | **$ 67,360** |
| **Net Income (loss) Margin (11)** | **(9.2 )%** | **4.6 %** |
| **Adjusted EBITDAC Margin (12)** | **29.8 %** | **28.4 %** |

(1) Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $2.8 million for the three months ended September 30, 2020, while General and administrative expenses contributed to

$0.1 million and $9.8 million of the acquisition-related expense for the three months ended September 30, 2021 and 2020, respectively.

(2) Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(3) Restructuring and related expense consists of compensation and benefits of $0.9 million and $3.3 million for the three months ended September 30, 2021 and 2020, respectively, and General and administrative costs including occupancy and professional services fees of $2.5 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively, related to the Restructuring Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See Note 5, *Restructuring* of the unaudited quarterly consolidated financial statements for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(4) Amortization and expense related to discontinued prepaid incentive programs – see Note 15. *Employee Benefit Plans, Prepaid and Long-Term Incentives* of the unaudited quarterly consolidated financial statements for further discussion.

(5) Other non-operating loss (income) includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $16.2 million is due to the occurrence of a Realization Event in the third quarter, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. See Note 11, *Redeemable Preferred Units* of the unaudited quarterly consolidated financial statements for further discussion. For the three months ended September 30, 2020, non-operating loss (income) includes the change in fair value of interest rate swaps which were discontinued in 2020.

(6) Equity-based compensation reflects non-cash equity-based expense.

(7) Discontinued programs expense includes $0.1 million of General and administrative expense for the three months ended September 30, 2020. Compensation and benefits expense was $0.0 million for the three months ended September 30, 2020. These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.6 million related to additional cancellation activity associated with these programs in the three months ended September 30, 2020.

(8) Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(9) Initial public offering related expenses includes $1.0 million of General and Administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $57.6 million for the three months ended September 30, 2021 related to the revaluation of existing equity awards at IPO as well as initial period expense for new awards issued at IPO.

(10) Consolidated Adjusted EBITDAC does not reflect a deduction for the Adjusted EBITDAC associated with the non-controlling interest in Ryan Re.

(11) Net Income Margin is Net Income as a percentage of total revenue.

(12) Adjusted EBITDAC margin is Adjusted EBITDAC as a percentage of total revenue.

| | Nine months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 1,054,236** | **$ 691,327** |
| **Net Income** | **$ 27,016** | **$ 74,001** |
| Interest expense | 60,224 | 26,295 |
| Income tax expense (benefit) | (802 ) | 6,085 |
| Depreciation | 3,601 | 2,658 |
| Amortization | 82,095 | 34,789 |
| Change in contingent consideration | 2,356 | 997 |
| **EBITDAC** | **$ 174,490** | **$ 144,825** |
| Acquisition-related expense (1) | 2,128 | 18,206 |
| Acquisition related long-term incentive compensation (2) | 28,837 | 4,483 |
| Restructuring and related expense (3) | 13,532 | 5,123 |
| Amortization and expense related to discontinued prepaid incentives (4) | 5,441 | 7,037 |
| Other non-operating loss (income) (5) | 45,547 | 4,066 |
| Equity-based compensation (6) | 11,259 | 7,153 |
| Discontinued programs expense (7) | — | 1,089 |
| Other non-recurring expense (8) | 354 | 183 |
| IPO related expenses (9) | 58,936 | — |
| (Income) from equity method investments in related party | (610 ) | (413 ) |
| **Adjusted EBITDAC (10)** | **$ 339,914** | **$ 191,752** |
| **Net Income Margin (11)** | **2.6 %** | **10.7 %** |
| **Adjusted EBITDAC Margin (12)** | **32.2 %** | **27.7 %** |

(1) Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $4.4 million for the nine months ended September 30, 2020, while General and administrative expenses contributed to $2.1 million and $13.8 million of the acquisition-related expense for the nine months ended September 30, 2021 and 2020, respectively.

(2) Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(3) Restructuring and related expense consists of compensation and benefits of $9.2 million and $3.3 million for the nine months ended September 30, 2021 and 2020, respectively, and General and administrative costs including occupancy and professional services fees of $4.3 million and $1.8 million for the nine months ended September 30, 2021 and 2020, respectively, related to the Restructuring Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See Note 5, *Restructuring* of the unaudited quarterly consolidated financial statements for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(4) Amortization and expense related to discontinued prepaid incentive programs – See Note 15, *Employee Benefit Plans, Prepaid and Long-Term Incentives* of the unaudited quarterly consolidated financial statements for further discussion.

(5) Other non-operating loss (income) includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $36.9 million is due to the occurrence of a Realization Event in the third quarter, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. See Note 11, *Redeemable Preferred Units* of the unaudited quarterly consolidated financial statements for further discussion. For the nine months ended September 30, 2021, non-operating loss (income) includes costs associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt. For the nine months ended September 30, 2020, non-operating loss (income) includes the change in fair value of interest rate swaps which were discontinued in 2020.

(6) Equity-based compensation reflects non-cash equity-based expense.

(7) Discontinued programs expense includes $0.3 million of General and administrative expense for the nine months ended September 30, 2020. Compensation and benefits expense was $0.5 million for the nine months ended September 30, 2020. These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.3 million related to additional cancellation activity associated with these programs in the nine months ended September 30, 2020

(8) Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(9) Initial public offering related expenses include $1.3 million of General and Administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $57.6 million for the three months ended September 30, 2021 related to the revaluation of existing equity awards at IPO as well as initial period expense for new awards issued at IPO.

(10) Consolidated Adjusted EBITDAC does not reflect a deduction for the Adjusted EBITDAC associated with the non-controlling interest in Ryan Re.

(11) Net Income Margin is Net Income as a percentage of total revenue.

(12) Adjusted EBITDAC margin is Adjusted EBITDAC as a percentage of total revenue.

**Adjusted Net Income and Adjusted Net Income Margin**

We define Adjusted Net Income as tax-effected earnings before amortization and certain items of income and expense, gains and losses, equity-based compensation, acquisition related long-term incentive compensation, acquisition-related expenses, costs associated with the IPO and certain exceptional or non-recurring items. The most comparable GAAP financial metric is Net Income. Adjusted Net Income Margin is calculated as Adjusted Net Income as a percentage of total revenue. The most comparable GAAP financial metric is Net Income Margin. These measures do not deduct earnings related to the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business.

Following the IPO the Company is subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to our allocable share of any net taxable income of RSG LLC. For comparability purposes, this calculation incorporates the impact of federal and state statutory tax rates on 100% of our adjusted pre-tax income as if the Company owned 100% of RSG LLC.

Adjusted Net Income and Adjusted Net Income Margin, together with related margins may be useful to an investor in evaluating our operating performance, efficiency and liquidity because these measures are widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company to company depending upon acquisition activity and capital structure. These measures also eliminate the impact of expenses that do not relate to core business performance, among other factors. Further, these measures are used by our leadership and Board of Directors for assessing financial performance, strategic planning, and forecasting.

These Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP.

A reconciliation of Adjusted Net Income and Adjusted Net Income Margin to Net Income and Net Income Margin, the most directly comparable GAAP measures, for each of the periods indicated is as follows:

| | Three months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 352,766** | **$ 236,811** |
| **Net Income (loss)** | **$ (32,590 )** | **$ 10,796** |
| Income tax expense (benefit) | (5,368 ) | 2,923 |
| Amortization | 26,982 | 15,640 |
| Amortization of deferred issuance costs (1) | 2,777 | 1,070 |
| Change in contingent consideration | 43 | (35 ) |
| Acquisition-related expense (2) | 106 | 12,603 |
| Acquisition related long-term incentive compensation (3) | 10,333 | 3,419 |
| Restructuring expense (4) | 3,360 | 3,698 |
| Amortization and expense related to discontinued prepaid incentives (5) | 1,759 | 1,974 |
| Other non-operating loss (income) (6) | 16,211 | 1,574 |
| Equity-based compensation (7) | 3,371 | 2,422 |
| Discontinued programs expense (8) | — | 694 |
| Other non-recurring expense (9) | — | 90 |
| IPO related expenses (10) | 58,620 | — |
| (Income) / loss from equity method investments in related party | (176 ) | (326 ) |
| **Adjusted Income before Income Taxes** | **$ 85,428** | **$ 56,542** |
| Adjusted tax expense (11) | (22,479 ) | (14,878 ) |
| **Adjusted Net Income (12)** | **$ 62,949** | **$ 41,664** |
| **Net Income (loss) Margin (13)** | **(9.2 )%** | **4.6 %** |
| **Adjusted Net Income Margin (14)** | **17.8 %** | **17.6 %** |

(1) Interest Expense includes amortization of deferred issuance costs.

(2) Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $2.8 million for the three months ended September 30, 2020, while General and administrative expenses contributed to $0.1 million and $9.8 million of the acquisition-related expense for the three months ended September 30, 2021 and 2020, respectively.

(3) Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(4) Restructuring and related expense consists of compensation and benefits of $0.9 million and $3.3 million for the three months ended September 30, 2021 and 2020, respectively, and General and administrative costs including occupancy and professional services fees of $2.5 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively, related to the Restructuring Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See Note 5, *Restructuring* of the unaudited quarterly consolidated financial statements for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(5) Amortization and expense related to discontinued prepaid incentive programs – see Note 15. *Employee Benefit Plans, Prepaid and Long-Term Incentives* of the unaudited quarterly consolidated financial statements for further discussion.

(6) Other non-operating loss (income) includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $16.2 million is due to the occurrence of a Realization Event in the third quarter, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. See Note 11, *Redeemable Preferred Units* of the unaudited quarterly consolidated financial statements for further discussion. For the three months ended September 30, 2020, non-operating loss (income) includes the change in fair value of interest rate swaps which were discontinued in 2020.

(7) Equity-based compensation reflects non-cash equity-based expense.

(8) Discontinued programs expense includes $0.1 million of General and administrative expense for the three months ended September 30, 2020. Compensation and benefits expense was $0.0 million for the three months ended September 30, 2020.

These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.6 million related to additional cancellation activity associated with these programs in the three months ended September 30, 2020.

(9) Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(10) Initial public offering related expenses includes $1.0 million of General and Administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $57.6 million for the three months ended September 30, 2021 related to the revaluation of existing equity awards at IPO as well as initial period expense for new awards issued at IPO.

(11) The Company is subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to our allocable share of any net taxable income of Ryan Specialty Group, LLC. For comparability purposes, this calculation of adjusted tax expense incorporates the impact of federal and state statutory tax rates on 100% of our adjusted pre-tax income as if the Company owned 100% of Ryan Specialty Group, LLC.

(12) Consolidated Adjusted Net Income does not reflect a deduction for the Adjusted Net Income associated with the non-controlling interest in Ryan Re.

(13) Net Income Margin is Net Income as a percentage of total revenue.

(14) Adjusted Net Income Margin is Adjusted Net Income as a percentage of total revenue.

| | Nine months ended September 30, | |
|---|---|---|
| *(in thousands, except percentages)* | **2021** | **2020** |
| **Total Revenue** | **$ 1,054,236** | **$ 691,327** |
| **Net Income** | **$ 27,016** | **$ 74,001** |
| Income tax expense (benefit) | (802) | 6,085 |
| Amortization | 82,095 | 34,789 |
| Amortization of deferred issuance costs (1) | 8,546 | 1,763 |
| Change in contingent consideration | 2,356 | 997 |
| Acquisition-related expense (2) | 2,128 | 18,206 |
| Acquisition related long-term incentive compensation (3) | 28,837 | 4,483 |
| Restructuring expense (4) | 13,532 | 5,123 |
| Amortization and expense related to discontinued prepaid incentives (5) | 5,441 | 7,037 |
| Other non-operating loss (income) (6) | 45,547 | 4,066 |
| Equity-based compensation (7) | 11,259 | 7,153 |
| Discontinued programs expense (8) | — | 1,089 |
| Other non-recurring items (9) | 354 | 183 |
| IPO related expenses (10) | 58,936 | — |
| (Income) / loss from equity method investments in related party | (610) | (413) |
| **Adjusted Income before Income Taxes** | **$ 284,635** | **$ 164,562** |
| Adjusted tax expense (11) | (74,896) | (43,301) |
| **Adjusted Net Income (12)** | **$ 209,739** | **$ 121,261** |
| **Net Income Margin (13)** | **2.6 %** | **10.7 %** |
| **Adjusted Net Income Margin (14)** | **19.9 %** | **17.5 %** |

(1) Interest Expense includes amortization of deferred issuance costs.

(2) Acquisition-related expense includes diligence, transaction-related, and integration costs. Compensation and benefits expenses were $4.4 million for the nine months ended September 30, 2020, while General and administrative expenses contributed to $2.1 million and $13.8 million of the acquisition-related expense for the nine months ended September 30, 2021 and 2020, respectively.

(3) Acquisition related long-term incentive compensation arises from long-term incentive plans associated with acquisitions.

(4) Restructuring and related expense consists of compensation and benefits of $9.2 million and $3.3 million for the nine months ended September 30, 2021 and 2020, respectively, and General and administrative costs including occupancy and professional

services fees of $4.3 million and $1.8 million for the nine months ended September 30, 2021 and 2020, respectively, related to the Restructuring Plan. The compensation and benefits expense includes severance as well as employment costs related to services rendered between the notification and termination dates. See Note 5, *Restructuring* of the unaudited quarterly consolidated financial statements for further discussion. The remaining costs that preceded the Restructuring Plan were associated with organizational design, other severance, and non-recurring lease costs.

(5) Amortization and expense related to discontinued prepaid incentive programs – See Note 15, *Employee Benefit Plans, Prepaid and Long-Term Incentives* of the unaudited quarterly consolidated financial statements for further discussion.

(6) Other non-operating loss (income) includes the change in fair value of the embedded derivatives on the Redeemable Preferred Units. This change in fair value of $36.9 million is due to the occurrence of a Realization Event in the third quarter, which is defined as a Qualified Public Offering or a Sale Transaction in the Onex Purchase Agreement. See Note 11, *Redeemable Preferred Units* of the unaudited quarterly consolidated financial statements for further discussion. For the nine months ended September 30, 2021, non-operating loss (income) includes costs associated with the extinguishment of a portion of our deferred debt issuance costs on the term debt. For the nine months ended September 30, 2020, non-operating loss (income) includes the change in fair value of interest rate swaps which were discontinued in 2020.

(7) Equity-based compensation reflects non-cash equity-based expense.

(8) Discontinued programs expense includes $0.3 million of General and administrative expense for the nine months ended September 30, 2020. Compensation and benefits expense was $0.5 million for the nine months ended September 30, 2020. These costs were associated with concluding specific programs that are no longer core to our business. This adjustment also includes $0.3 million related to additional cancellation activity associated with these programs in the nine months ended September 30, 2020

(9) Other non-recurring items include one-time professional services costs associated with term debt repricing, and one-time non-income tax charges and tax and accounting consultancy costs associated with potential structure changes.

(10) Initial public offering related expenses include $1.3 million of General and Administrative expense associated with the preparations for Sarbanes-Oxley compliance, tax and accounting advisory services on IPO-related structure changes, and Compensation-related expense of $57.6 million for the three months ended September 30, 2021 related to the revaluation of existing equity awards at IPO as well as initial period expense for new awards issued at IPO.

(11) The Company is subject to United States federal income taxes, in addition to state, local, and foreign taxes, with respect to our allocable share of any net taxable income of Ryan Specialty Group, LLC. For comparability purposes, this calculation of adjusted tax expense incorporates the impact of federal and state statutory tax rates on 100% of our adjusted pre-tax income as if the Company owned 100% of Ryan Specialty Group, LLC.

(12) Consolidated Adjusted Net Income does not reflect a deduction for the Adjusted Net Income associated with the non-controlling interest in Ryan Re.

(13) Net Income Margin is Net Income as a percentage of total revenue.

(14) Adjusted Net Income Margin is Adjusted Net Income as a percentage of total revenue.

**Adjusted Diluted Earnings per Share**

We define Adjusted Diluted Earnings per Share as Adjusted Net Income divided by diluted shares outstanding after adjusting for the effect of the exchange of 100% of the outstanding LLC Common Units (together with the shares of Class B common stock) into shares of Class A common stock and the effect of unvested equity awards. This measure does not deduct earnings related to the non-controlling interest in Ryan Re for the period of time prior to March 31, 2021 when we did not own 100% of the business. The most directly comparable GAAP financial metric is diluted earnings per share.

Adjusted Diluted Earnings per Share may be useful to an investor in evaluating our operating performance and efficiency because this measure is widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such measure, which can vary substantially from company to company depending upon acquisition activity and capital structure. This measure also eliminates the impact of expenses that do not relate to core business performance, among other factors. Further, this measure is used by our leadership and Board of Directors for assessing financial performance, strategic planning, and forecasting.

This Non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP.

A reconciliation of Adjusted Diluted Earnings per Share to Diluted Earnings per Share, the most directly comparable GAAP measure, for each of the periods indicated is as follows:

| | | Three months ended September 30, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | Adjustments | | | | |
| *(in thousands, except per share data)* | U.S. GAAP | Plus: Net income (loss) attributable to RSG LLC before the Organizational Transactions | Plus: Impact of all LLC Common Units exchanged for Class A shares (1) | Plus: Adjustments to Adjusted Net Income (2) | Plus: Dilutive impact of unvested equity awards (3) | Adjusted Diluted Earnings per Share |
| **Numerator:** | | | | | | |
| Net income (loss) attributable to Class A common shareholders- diluted | $ (17,115 ) | $ 15,781 | $ (31,256 ) | $ 95,539 | $ — | $ 62,949 |
| **Denominator:** | | | | | | |
| Weighted-average shares of Class A common stock outstanding- diluted | 105,309 | — | 142,727 | — | 19,684 | 267,721 |
| **Net income (loss) per share of Class A common stock- diluted** | **$ (0.16 )** | **$ 0.15** | **$ (0.12 )** | **$ 0.39** | **$ (0.02 )** | **$ 0.24** |

(1) For comparability purposes, this calculation incorporates the net income (loss) and weighted average shares of Class A common stock that would be outstanding if all LLC Common Units (together with shares of Class B common stock) were exchanged for shares of Class A common stock.

(2) Adjustments to Adjusted Net Income are described in the footnotes of the reconciliation of Adjusted Net Income to Net Income in "Adjusted Net Income and Adjusted Net Income Margin".

(3) For comparability purposes and to be consistent with the treatment of the adjustments to arrive at Adjusted Net Income, the dilutive effect of unvested equity awards is calculated using the treasury stock method as if the weighted average unrecognized cost associated with the awards was $0 over the period, less any unvested equity awards determined to be dilutive within the Diluted Loss Per Share calculation disclosed in Note 13, *Loss Per Share* of the unaudited quarterly consolidated financial statements.

| | | Nine months ended September 30, 2021 | | | | |
|---|---|---|---|---|---|---|
| | | Adjustments | | | | |
| *(in thousands, except per share data)* | U.S. GAAP | Plus: Net income (loss) attributable to RSG LLC before the Organizational Transactions | Plus: Impact of all LLC Common Units exchanged for Class A shares (1) | Plus: Adjustments to Adjusted Net Income (2) | Plus: Dilutive impact of unvested equity awards (3) | Adjusted Diluted Earnings per Share |
| **Numerator:** | | | | | | |
| Net income (loss) attributable to Class A common shareholders- diluted | $ (17,115 ) | $ 75,387 | $ (31,256 ) | $ 182,723 | $ — | $ 209,739 |
| **Denominator:** | | | | | | |
| Weighted-average shares of Class A common stock outstanding- diluted | 105,309 | — | 142,727 | — | 19,684 | 267,721 |
| **Net income (loss) per share of Class A common stock- diluted** | **$ (0.16 )** | **$ 0.72** | **$ (0.44 )** | **$ 0.74** | **$ (0.06 )** | **$ 0.78** |

(1) For comparability purposes, this calculation incorporates the net income (loss) and weighted average shares of Class A common stock that would be outstanding if all LLC Common Units (together with shares of Class B common stock) were exchanged for shares of Class A common stock.

(2) Adjustments to Adjusted Net Income are described in the footnotes of the reconciliation of Adjusted Net Income to Net Income in "Adjusted Net Income and Adjusted Net Income Margin".

(3) For comparability purposes and to be consistent with the treatment of the adjustments to arrive at Adjusted Net Income, the dilutive effect of unvested equity awards is calculated using the treasury stock method as if the weighted average unrecognized cost associated with the awards was $0 over the period, less any unvested equity awards determined to be dilutive within the

Diluted Loss Per Share calculation disclosed in Note 13, *Loss Per Share* of the unaudited quarterly consolidated financial statements.

**Liquidity and Capital Resources**

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations. We believe that the balance sheet and strong cash flow profile of the business provides adequate liquidity. The primary sources of liquidity are cash and cash equivalents on the balance sheet, cash flows provided by operations and debt capacity available under our credit facilities. The primary uses of liquidity are operating expenses, seasonal working capital needs, business combinations, and distributions to members. We believe that cash flows from operations and available credit facilities will be sufficient to meet the liquidity needs, including principal and interest payments on debt obligations, capital expenditures, and anticipated working capital requirements, for the next 12 months and beyond.

Cash on the balance sheet includes funds available for general corporate purposes. We will recognize fiduciary amounts due to others as fiduciary liabilities and fiduciary amounts collectible and held on behalf of others, including insurance policyholders, clients, other insurance intermediaries, and insurance carriers, as fiduciary assets in the Consolidated Balance Sheets. Fiduciary assets cannot be used for general corporate purposes. Insurance premiums and claims are held in a fiduciary capacity and the obligation to remit these funds is recorded as Fiduciary liabilities in the Consolidated Balance Sheets.

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance markets and carriers. We also collect claims prefunding or refunds from carriers on behalf of insureds, which are then returned to the insureds. Insurance premiums and claim funds are held in a fiduciary capacity. The levels of fiduciary assets and liabilities can fluctuate significantly depending on when we collect the premiums, claims prefunding, and refunds, make payments to markets, carriers, and insureds, and collect funds from clients and make payments on their behalf, and upon the impact of foreign currency movements. Fiduciary assets, because of their nature, are generally invested in very liquid securities with a focus on preservation of principal. To minimize investment risk, we and our subsidiaries maintain cash holdings pursuant to an investment policy approved by our Board of Directors. The policy requires broad diversification of holdings across a variety of counterparties utilizing limits set by our Board of Directors, primarily based on credit rating and type of investment. Fiduciary assets included cash of $635.6 million and $583.1 million at September 30, 2021 and December 31, 2020, respectively, and fiduciary receivables of $1,281.0 million and $1,395.1 million at September 30, 2021 and December 31, 2020, respectively. While we earn investment income on fiduciary assets held in cash and investments, the fiduciary assets may not be used for general corporate purposes. Of the $413.7 million of Cash and cash equivalents on the Consolidated Balance Sheets as of September 30, 2021, $134.4 million is held in fiduciary accounts representing collected revenue and is available to be transferred to operating accounts and used for general corporate purposes.

**Comparison of Cash Flows for the Nine Months Ended September 30, 2021 and 2020**

Cash and cash equivalents increased $200.9 million from $212.8 million at September 30, 2020 to $413.7 million at September 30, 2021. A summary of our cash flows provided by and used for continuing operations from operating, investing, and financing activities is as follows:

***Cash Flows from Operating Activities***

Net cash provided by operating activities during the nine months ended September 30, 2021 increased $152.1 million from the nine months ended September 30, 2020 to $154.3 million. This amount represents net income reported, as adjusted for amortization and depreciation, prepaid and deferred equity compensation expense, as well as the change in commission and fees receivable, accrued compensation and other current and noncurrent assets and liabilities. Strong organic revenue growth and the All Risks Acquisition drove operating cash flow performance period-over-period. While Net income decreased $47.0 million during the nine months ended September 30, 2021, the increase in the non-cash adjustments for the amortization of intangibles and debt issuance costs, non-cash Equity compensation expense, and the timing of payments for long-term incentive plans associated with the All Risks Acquisition which, increased operating cash flows.

***Cash Flows from Investing Activities***

Cash flows used for investing activities during the nine months ended September 30, 2021 were $345.5 million, an decrease of $508.6 million compared to the $854.1 million of cash flows used for investing activities during the nine months ended September 30, 2020. The main driver of the cash flows used for investing activities in the nine months ended September 30, 2021 was the acquisition of the Preferred Blocker Entity from Onex - See Note 4, *Merger and Acquisition Activity* in the unaudited quarterly consolidated financial statements. The main driver of the cash flows used for investing activities in the nine months ended September 30, 2020 were the All Risks Acquisition and the final remaining capital commitment on the equity method investment in a Bermuda based reinsurance

company, Geneva Re, a joint venture between Nationwide Mutual Insurance Company and Ryan Investment Holdings, LLC an entity under common control – See Note 19, *Related Parties* in the unaudited quarterly consolidated financial statements, in addition to other smaller acquisitions and funding of prepaid incentives of $6.2 million as compared to the repayment of prepaid incentives in the nine months ended September 30, 2021 of $4.1 million.

***Cash Flows from Financing Activities***

Cash flows provided by financing activities during the nine months ended September 30, 2021 were $293.7 million, a decrease of $720.0 million compared to cash flows provided by financing activities of $1,013.7 million during the nine months ended September 30, 2020. The main drivers of cash flows provided by financing activities during the nine months ended September 30, 2021 was the issuance of Class A common stock in the IPO of $1,455.2 million, offset by the repurchase of pre-IPO LLC units and Alternative TRA payments of $780.4 million, the repurchase of Class A common stock in the IPO of $183.6 million, the repurchase of Redeemable Preferred Units from the Founder Group for $78.3 million, $48.4 million in cash paid for the remaining 53% non-controlling common equity interest in Ryan Re, $47.0 million of cash distributions paid to pre-IPO unitholders, and $12.4 million repayment of term debt. The main drivers of cash flows provided by financing activities during the nine months ended September 30, 2020 were $1,509.4 million of term loan borrowings net of repayments and a $118.9 million contribution of members' equity and preferred equity, offset by repayments net of borrowings of $428.7 million on the revolving credit facility, $70.5 million of debt issuance costs paid, $25.0 million repayment of subordinated notes, $45.0 million of equity repurchases, and $45.7 million of cash distributions to members for the nine months ended September 30, 2020.

**Other Liquidity Matters**

***General***

On July 1, 2021, in connection with but prior to the IPO, the Company repurchased 74,990,000 of Redeemable Preferred Units from the Founder Group for $78.3 million, which reflects the par value of $75.0 million plus unpaid accrued preferred dividends.

On July 26, 2021, we closed our IPO through which we issued and sold 65,456,020 shares of Class A common stock at a price per share of $23.50. We received approximately $1,449.7 million in net proceeds after deducting underwriting discounts and commissions of $76.9 million and offering expenses of $11.6 million. Upon closing of the IPO, we paid (i) $119.9 million to acquire 5,887,570 newly issued LLC Units in RSG LLC, (ii) $343.5 million to acquire the equity of an entity through which Onex held its preferred unit interest in RSG LLC (with the 260,000,000 Redeemable Preferred Units of RSG LLC owned by the entity converted through a series of transactions to 15,387,026 LLC Units immediately thereafter), (iii) $795.7 million to acquire 35,641,682 outstanding LLC Units from certain existing holders of LLC Units at a purchase price per LLC Unit equal to $23.50, the IPO price per share of Class A common stock in our IPO, (iv) $76.2 million to purchase an additional 3,415,097 newly issued LLC Units in RSG LLC, and (v) $114.4 million to repurchase and retire 5,122,645 shares of Class A common stock held by Onex. In turn, RSG LLC applied the balance of the net proceeds it received on account of the newly issued LLC Units to pay $72.9 million of TRA Alternative Payments arising from the Organizational Transactions. The remaining $123.2 million of net proceeds are reserved for general corporate purposes.

On August 10, 2021, the Board of the Company elected to terminate the All Risks long-term incentive plans. The decision to terminate the plans will not change the value of, or entitlements to, any benefits thereunder. The benefits accruing under these plans are required to be paid within twelve months of the termination date (i.e., by August 10, 2022). These awards remain subject to the achievement of service conditions. We expect to make payments related to these long-term incentive plans of $67.3 million in Q4 2021 and $113.0 million in 2022.

We believe our cash and cash equivalents (which includes proceeds from the IPO), our Credit Facilities and cash from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months. Our future capital requirements will depend on many factors including continuance of historical working capital levels and capital expenditure needs, investment in de novo offerings, and the flow of deals in our merger and acquisition program.

We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations, this could reduce our ability to compete successfully and harm our results of operations.

***Credit Facilities***

We expect to have sufficient financial resources to meet our business requirements in the next 12 months. Although cash from operations is expected to be sufficient to service our activities, including servicing our debt and contractual obligations, and finance capital expenditures, we have the ability to borrow under our credit facilities to accommodate any timing differences in cash flows.

Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

On September 1, 2020, we entered into the Credit Agreement with leading institutions, including JPMorgan Chase Bank, N.A., the Administrative Agent, for term loan borrowings totaling $1,650.0 million and a revolving credit facility totaling $300.0 million, in connection with financing the All Risks Acquisition. Borrowings under our revolving credit facility are permitted to be drawn for our working capital and other general corporate financing purposes and those of certain of our subsidiaries. Borrowings under our credit agreement are unconditionally guaranteed by certain of our subsidiaries and are secured by a lien and security interest in all of our assets. See Note 9, *Debt* in the notes to our unaudited quarterly consolidated financial statements for further information regarding our debt arrangements.

As of December 31, 2020 the interest rate on our term loan was LIBOR, subject to a 75 basis point floor, plus 3.25%.

As of December 31, 2020, we were in compliance with all of the covenants under our credit agreement and there were no events of default for the year ended December 31, 2020.

In March 2021, we completed a repricing of our outstanding term loan borrowings. As of March 31, 2021, the interest rate on the term loan was LIBOR, plus 3.00%, subject to a 75 basis point floor. All other terms remain substantially unchanged.

As of September 30, 2021, we were in compliance with all of the covenants under our credit agreement and there were no events of default for the nine months ended September 30, 2021.

On July 26, 2021, we entered into an amendment to our credit agreement, which provided for an increase in the size of our revolving credit facility from $300.0 million to $600.0 million. Interest on the upsized revolving credit facility bears interest at LIBOR plus a margin that ranges from 2.50% to 3.00%, based on the first lien net leverage ratio defined in our credit agreement. No other significant terms under our credit agreement governing the revolving credit facility were changed in connection with such amendment.

***Tax Receivable Agreement***

In connection with the Organizational Transactions and IPO, the Company entered into a TRA with certain pre-IPO LLC Unitholders whereby the Company agreed to pay to such LLC Unitholders 85% of the benefits that they Company realizes from increases in the tax basis of the assets of RSG LLC resulting from purchases or exchanges of LLC Common Units, tax amortization deductions attributable to asset acquisitions that closed prior to the IPO, and certain tax benefits attributable to payments that the Company is required to make under the TRA. The Company will retain the benefit of the remaining 15% of these cash savings.

Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we will realize as a result of the LLC Common Unit exchanges and the resulting amounts we are likely to pay out to LLC Unitholders and Onex pursuant to the Tax Receivable Agreement; however, we estimate that such tax benefits and the related TRA payments may be substantial. Assuming no changes in the relevant tax law, and that we earn sufficient taxable income to realize all cash tax savings that are subject to the Tax Receivable Agreement, we expect future payments under the Tax Receivable Agreement relating to the purchase by the Company of LLC Common Units in connection with the IPO will be $282.5 million, in aggregate. Future payments in respect to subsequent exchanges or financings would be in addition to these amounts and are expected to be substantial. The foregoing amounts are merely estimates and the actual payments could differ materially. We expect to fund these payments using cash on hand and cash generated from operations.

**Contractual Obligations and Commitments**

Our principal commitments consist of contractual obligations in connection with investing and operating activities. In “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” included in our IPO Prospectus, we disclosed our total contractual obligations as of December 31, 2020. These obligations are further described within Note 8, *Leases* and Note 9, *Debt* in the notes to our unaudited consolidated financial statements. See notes to our unaudited consolidated financial statements for further description on provisions that create, increase or accelerate obligations, or other pertinent data to the extent necessary for an understanding of the timing and amount of the specified contractual obligations.

Within Note 15, *Employee Benefit Plans, Prepaid and Long-Term Incentives* in the notes to our unaudited consolidated financial statements we discuss various Long-Term Incentive Compensation Agreements and their impact. Below we have outlined the liabilities accrued as of September 30, 2021, the projected future expense, and the projected timing of future cash outflows associated with these arrangements.

**Long-term Incentive Compensation Agreements**

| *(in thousands)* | | September 30, 2021 |
|---|---|---|
| Current accrued compensation | $ | 4,958 |
| Non-current liability | | — |
| **Total Liability** | **$** | **4,958** |
| Projected future expense | | 856 |
| **Total Projected Future Cash Outflows** | **$** | **5,814** |

**Projected Future Cash Outflows**

| | | |
|---|---|---|
| 2021 | $ | — |
| 2022 | | 5,373 |
| 2023 | | — |
| 2024 | | — |
| Thereafter | | 440 |

Within Note 15, *Employee Benefit Plans, Prepaid and Long-Term Incentives* in the notes to our unaudited consolidated financial statements we discuss the All Risks Long-Term Incentive Plans and their impact. Below we have outlined the liabilities accrued as of September 30, 2021, the projected future expense, and the projected timing of future cash outflows associated with these arrangements.

**All Risks Long-Term Incentive Plan**

| *(in thousands)* | | September 30, 2021 |
|---|---|---|
| Current accrued compensation | $ | 150,551 |
| Non-current liability | | — |
| **Total Liability** | **$** | **150,551** |
| Projected future expense | | 29,742 |
| **Total Projected Future Cash Outflows** | **$** | **180,293** |

**Projected Future Cash Outflows**

| | | |
|---|---|---|
| 2021 | $ | 67,288 |
| 2022 | | 113,005 |
| 2023 | | — |
| 2024 | | — |
| Thereafter | | — |

Within Note 4, *Merger and Acquisition Activity* in the notes to our unaudited consolidated financial statements we discuss various contingent consideration arrangements and their impact. Below we have outlined the liabilities accrued as of September 30, 2021, the projected future expense, and the projected timing of future cash outflows associated with these contingent consideration agreements.

**Contingent Consideration**

| *(in thousands)* | | September 30, 2021 |
|---|---|---|
| Current accounts payable and accrued liabilities | $ | 14,120 |
| Other non-current liabilities | | 5,263 |
| **Total Liability** | **$** | **19,383** |
| Projected future expense | | 460 |
| **Total Projected Future Cash Outflows** | **$** | **19,843** |

| **Projected Future Cash Outflows** | | |
|---|---|---|
| 2021 | $ | — |
| 2022 | | 14,359 |
| 2023 | | 5,484 |
| 2024 | | — |
| Thereafter | | — |

Outside of the above and routine transactions made in the ordinary course of business, there have been no material changes to the contractual obligations as disclosed in our IPO Prospectus.

**Off-Balance Sheet Arrangements**

As of September 30, 2021, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

**Critical Accounting Policies and Estimates**

The methods, assumptions, and estimates that we use in applying the accounting policies may require us to apply judgments regarding matters that are inherently uncertain. We consider an accounting policy to be a critical estimate if: (i) the Company must make assumptions that were uncertain when the judgment was made, and (ii) changes in the estimate assumptions or selection of a different estimate methodology, could have a significant impact on our financial position and the results that our will report in the consolidated financial statements. While we believe that the estimates, assumptions, and judgments are reasonable, they are based on information available when the estimate was made. The accounting policies that we believe reflect our more significant estimates, judgments and assumptions that are most critical to understanding and evaluating our reported financial results are: revenue recognition, fair value, and goodwill and intangibles.

Our critical accounting policies are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” in our IPO Prospectus. Additionally, the changes to our critical accounting policies and estimates disclosed in our IPO Prospectus are included in Note 2, *Summary of Select Significant Accounting Policies*, to our unaudited consolidated financial statements.

**Recent Accounting Pronouncements**

For a description of our recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see Note 2, *Summary of Select Significant Accounting Policies* in the notes to our unaudited consolidated financial statements.

**Emerging Growth Company**

We qualify as an “emerging growth company” pursuant to the provisions of the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). For as long as we are an “emerging growth company,” we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding advisory “say-on-pay” votes on executive compensation and shareholder advisory votes on golden parachute compensation.

The JOBS Act also permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public

companies that are not emerging growth companies. The decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earlier of (i) the last day of the fiscal year following the fifth anniversary of the completion of our IPO, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (iii) the date on which we are deemed to be a large accelerated filer (this means the market value of common stock that is held by non-affiliates exceeds $700.0 million as of the end of the second quarter of that fiscal year), or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. We expect to cease to qualify as an "emerging growth company" after the completion of our 2021 fiscal year.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various market risks in the day-to-day operations. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest and foreign currency exchange rates.

For the nine months ended September 30, 2021, approximately 3% of revenues were generated from activities in the United Kingdom and Europe. We are exposed to currency risk from the potential changes between the exchange rates of the US Dollar, Canadian Dollar, British Pound, Euro, Swedish Krona, Danish Krone, and other European currencies. The exposure to foreign currency risk from the potential changes between the exchange rates between the USD and other currencies is immaterial.

### Interest Rate Risk

Fiduciary investment income is affected by changes in international and domestic short-term interest rates.

As of September 30, 2021, we had $1,633.5 million of outstanding principal on our term loan borrowings, which bears interest on a floating rate, subject to a 0.75% floor. We are subject to LIBOR interest rate changes, and exposure in excess of the floor. The fair value of the term loan approximates the carrying amount as of September 30, 2021, and December 31, 2020, as determined based upon information available. Historically in 2020, in we used interest rate derivatives, typically swaps with cancellation options, to reduce exposure to the effects of interest rate fluctuations for up to five years into the future.

Other financial instruments consist of Cash and cash equivalents, Commissions and fees receivable—net, Other current assets and Accounts payable and accrued liabilities. The carrying amounts of Cash and cash equivalents, Commissions and fees receivable - net, and Accounts payable and accrued liabilities approximate fair value because of the short-term nature of the instruments.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rule 13a–15(e) and Rule 15d–15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of September 30, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

### Changes in Internal Control

There have been no changes in internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, 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.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under the heading “Risk Factors” of our IPO Prospectus.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**Use of Proceeds from Initial Public Offering of Class A Common Stock**

On July 26, 2021, we closed our IPO in which we sold an aggregate 65,456,020 shares of Class A common stock, at a public offering price of $23.50 per share. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a Registration Statement on Form S-1, which was declared effective by the SEC on July 21, 2021. We received approximately $1,449.7 million in net proceeds after deducting underwriting discounts and commissions of $77.0 million and offering expenses of $11.6 million and used the proceeds as described in the IPO Prospectus. There are approximately $121.6 million of net proceeds reserved for general corporate purposes. There were no material changes in the expected use of the net proceeds from our IPO as described in the IPO Prospectus.

**Repurchases of Equity Securities**

In connection with the closing of the IPO, we repurchased 3,102,063 shares of our Class A common stock from Onex for $23.50 per share, less the per share amounts associated with underwriting discounts and commissions in our IPO. In addition, in connection with the underwriters’ exercise of their option to purchase additional shares in our IPO, we repurchased 5,122,645 shares of our Class A common stock from Onex for $23.50 per share, less the per share amounts associated with underwriting discounts and commissions in our IPO.

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| July 1 through July 31 | 8,224,708 | $ 22.33 | – | – |
| August 1 through August 31 | – | – | – | – |
| September 1 through September 31 | – | – | – | – |

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

Not applicable.

**Item 6. Exhibits**

The following is a list of all exhibits filed or furnished as part of this report:

| Exhibit Number | Description |
|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Ryan Specialty Group Holdings, Inc., dated July 21, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on July 27, 2021). |
| 3.2 | Amended and Restated Bylaws of Ryan Specialty Group Holdings, Inc., dated July 21, 2021 (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K filed on July 27, 2021). |
| 4.1 | Registration Rights Agreement, dated July 26, 2021, by and among Ryan Specialty Group Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on July 27, 2021). |
| 10.1 | Tax Receivable Agreement, dated as of July 26, 2021, by and among Ryan Specialty Group Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on July 27, 2021). |
| 10.2 | Seventh Amended and Restated Limited Liability Company Agreement of Ryan Specialty Group, LLC, dated as of September 30, 2021, by and among Ryan Specialty Group, LLC and the other signatories party thereto, filed herewith., by and among Ryan Specialty Group, LLC and the other signatories party thereto, filed herewith |
| 10.3 | Form of Director and Officer Indemnification Agreement, by and among Ryan Specialty Group Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.4 to Ryan Specialty Group Holdings, Inc.'s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on June 21, 2021). |
| 10.4 | Indemnification Agreement, by and among Ryan Specialty Group Holdings, Inc. and Patrick G. Ryan, dated as of July 26, 2021 (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on July 27, 2021). |
| 10.5 | Director Nomination Agreement, dated as of July 26, 2021, by and among Ryan Specialty Group Holdings, Inc. and the other signatories party thereto (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on July 27, 2021). |
| 10.6 | Ryan Specialty Group Holdings, Inc. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Ryan Specialty Group Holdings, Inc.'s Registration Statement on Form S-8 filed with the Securities and Exchange Commission on July 26, 2021) |
| 10.7 | Amendment to the Credit Agreement, dated July 26, 2021, among Ryan Specialty Group, LLC and JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto (incorporated by reference to Exhibit 10.7 to the Company's Form 8-K filed on July 27, 2021). |
| 10.8 | Amendment to the Credit Agreement, dated August 13, 2021, among Ryan Specialty Group, LLC and JPMorgan Chase Bank, N.A., as administrative agent and the other lenders party thereto (incorporated by reference to Exhibit 10.8 to the Company's Form 10-Q filed on September 2, 2021). |
| 10.9 | Amended and Restated Limited Liability Company Operating Agreement of New RSG Holdings, LLC dated as of September 30, 2021, by and among New RSG Holdings, LLC and the other signatories party thereto, filed herewith |
| 31.1 | Certification of the Chief Executive Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 31.2 | Certification of the Chief Financial Officer pursuant to Exchange Act Rules Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 32.1* | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, filed herewith. |
| 32.2* | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, filed herewith. |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |

| | |
|---|---|
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |

* The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

**SIGNATURES**

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

**RYAN SPECIALTY GROUP HOLDINGS, INC. (Registrant)**

Date: November 12, 2021

By: /s/ Jeremiah R. Bickham

Jeremiah R. Bickham
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**Exhibit 10.2**

**RYAN SPECIALTY GROUP, LLC**

**SEVENTH AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

Dated as of September 30, 2021

THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS SEVENTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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**RYAN SPECIALTY GROUP, LLC**

**SEVENTH AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

This SEVENTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this *"**Agreement**")* of Ryan Specialty Group, LLC, a Delaware limited liability company (the *"**Company**"),* dated as of September 30, 2021 (the *"**Effective Date**"),* is entered into by and among the Company, Ryan Specialty Group Holdings, Inc., a Delaware corporation (the *"**Corporation**"),* as the managing member of the Company, and each of the other Members (as defined herein).

**RECITALS**

WHEREAS, unless the context otherwise requires, capitalized terms used herein have the respective meaning ascribed to them in Article I;

WHEREAS, the Company was formed as a limited liability company pursuant to and in accordance with the Delaware Act by the filing of the Certificate with the Secretary of State of the State of Delaware pursuant to Section 18-201 of the Delaware Act on December 2, 2009;

WHEREAS, the Corporation completed its IPO on July 26, 2021;

WHEREAS, the Corporation sold shares of Class A Common Stock to public investors in the IPO and used the net proceeds received from the IPO (A) to fund the acquisition of certain Units held directly or indirectly by the Members and certain former members and (B) to acquire newly-issued Common Units of the Company;

WHEREAS, in connection with the IPO, the Members and the Manager entered into the Company's Sixth Amended and Restated Limited Liability Company Agreement (the "***Previous Agreement***") and the Corporation became the Manager;

WHEREAS, the Corporation and the other Members now wish to contribute certain of their Units to New RSG Holdings, LLC, a Delaware limited liability company ("***Holdings***") for the purpose of making Holdings a holding company for the Company (the "***Contribution***");

WHEREAS, in connection with the foregoing matters, the Company and the Members desire to continue the Company without dissolution and amend and restate the Previous LLC Agreement in its entirety as of the Effective Date to reflect, among other things, the Contribution, as provided and agreed upon in the terms of this Agreement as of the Effective Date, at which time the Previous LLC Agreement shall be superseded entirely by this Agreement and shall be of no further force or effect.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Previous LLC Agreement is hereby amended and restated in its entirety and the Company, the

Corporation and the other Members, each intending to be legally bound, each hereby agrees as follows:

ARTICLE I
DEFINITIONS

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary.

*"**Additional Member**"* has the meaning set forth in Section 12.02.

*"**Adjusted Capital Account Deficit**"* means, with respect to the Capital Account of any Member as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Member's Capital Account balance shall be:

(a) reduced for any items described in Treasury Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), and (6); and

(b) increased for any amount such Member is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(l) and 1.704-2(i) (relating to minimum gain).

*"**Admission Date**"* has the meaning set forth in Section 10.06.

*"**Affiliate**"* (and, with a correlative meaning, *"**Affiliated**")* means, with respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

*"**Agreement**"* has the meaning set forth in the Preamble.

*"**Assignee**"* means a Person to whom a Unit has been transferred but who has not become a Member pursuant to Article XII.

*"**Assumed Tax Liability**"* means, with respect to any Member, an amount equal to the excess of (i) the product of (A) the Distribution Tax Rate *multiplied by* (B) the estimated or actual cumulative taxable income or gain of the Company, as determined for federal income tax purposes, allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, *less* prior losses of the Company allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, in each case, as determined by the Manager and to the extent such prior losses are available to reduce such income *over* (ii) the cumulative Tax Distributions made to such Member after the closing date of the IPO pursuant to Sections 4.01(b)(i), 4.01(b)(ii) and 4.01(b)(iii) and, if applicable with respect to such Fiscal Year, pursuant to Section 4.1(a) of the Previous LLC Agreement; *provided* that, in

the case of the Corporation, such Assumed Tax Liability (x) shall be computed without regard to any increases to the tax basis of the Company's property pursuant to Sections 734(b) or 743(b) of the Code and (y) to the extent permitted under the Credit Agreements and applicable Law, shall in no event be less than an amount that will enable the Corporation to meet both its tax obligations and its obligations pursuant to the Tax Receivable Agreement for the relevant Taxable Year; *provided further* that, in the case of each Member, and for the avoidance of doubt, such Assumed Tax Liability shall take into account any Code Section 704(c) allocations (including "reverse" 704(c) allocations) to the Member.

"***Award Agreement***" means one or more agreements, notices or other governing documents (including adjustment agreements or notices, subscription agreements, Equity Plans and investment plans) between a Service Provider Member and/or any of his, her or its Affiliates, as applicable, on the one hand, and the Company, on the other hand (in each case, as amended from time to time), governing the issuance or other terms of any Units (or any interests which were converted into or exchanged for such Units).

*"**Base Rate**"* means a per annum rate of the lesser of (i) 6.5% and (ii) LIBOR plus 100 basis points.

"***Beneficial Owner***" means, with respect to any security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The term "***Beneficial Ownership***" shall have a correlative meaning.

*"**Book Value**"* means, with respect to any property of the Company, the Company's adjusted basis for U.S. federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g).

*"**Business Day**"* means any day other than a Saturday, Sunday or day on which banks located in New York City, New York are authorized or required by Law to close.

*"**Capital Account**"* means the capital account maintained for a Member in accordance with Section 5.01.

*"**Capital Contribution**"* means, with respect to any Member, the amount of any cash, cash equivalents, promissory obligations or the Fair Market Value of other property that such Member (or such Member's predecessor) contributes (or is deemed to contribute) to the Company pursuant to Article III hereof.

*"**Certificate**"* means the Company's Certificate of Formation as filed with the Secretary of State of the State of Delaware, as amended or amended and restated from time to time.

*"**Class A Common Stock**"* means, as applicable, (a) the shares of Class A common stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger, reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class A common stock, $0.001 par value per share, of the Corporation or into which the

Class A common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*"**Class B Common Stock**"* means, as applicable, (a) the shares of Class B Common Stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger, reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class B common stock, $0.001 par value per share, of the Corporation or into which the Class B common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*"**Class C Common Incentive Unit**"* means a Unit designated as a "Class C Common Incentive Unit" and having the rights and obligations specified with respect to the Class C Common Incentive Units in this Agreement.

*"**Class C Common Incentive Unit Return Threshold**"* has the meaning set forth in Section 3.02(d).

*"**Code**"* means the United States Internal Revenue Code of 1986, as amended. Unless the context requires otherwise, any reference herein to a specific section of the Code shall be deemed to include any corresponding provisions of future Law as in effect for the relevant taxable period.

*"**Common Unit**"* means a Unit designated as a "Common Unit" and having the rights and obligations specified with respect to the Common Units in this Agreement.

*"**Company**"* has the meaning set forth in the preamble to this Agreement.

*"**Confidential Information**"* has the meaning set forth in Section 15.02(a).

*"**Contribution**"* has the meaning set forth in the Recitals.

*"**Corporate Board**"* means the board of directors of the Corporation.

*"**Corporate Incentive Award Plan**"* means the 2021 Omnibus Incentive Plan of the Corporation, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

*"**Corporation**"* has the meaning set forth in the recitals to this Agreement, together with its successors and assigns.

*"**Credit Agreements**"* means any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which the Company or any of its Subsidiaries is or becomes a borrower, as such instruments or agreements may be amended, restated, supplemented or otherwise modified from time to time and including any one or more refinancing or replacements thereof, in whole or in part, with any other debt facility or debt obligation, for as long as the payee or creditor to whom the Company or any of its Subsidiaries owes such obligation is not an Affiliate of the Company.

*"**Delaware Act**"* means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.,* as it may be amended from time to time, and any successor thereto.

*"**Discount**"* has the meaning set forth in Section 6.06.

*"**Distributable Cash**"* means, as of any relevant date on which a determination is being made by the Manager regarding a potential distribution pursuant to Section 4.01(a), the amount of cash that could be distributed by the Company for such purposes in accordance with the Credit Agreements (and without otherwise violating any applicable provisions of any of the Credit Agreements).

*"**Distribution**"* (and, with a correlative meaning, *"**Distribute**")* means each distribution made by the Company to a Member with respect to such Member's Units, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided, however,* that any recapitalization that does not result in the distribution of cash or property to Members or any exchange of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units shall not be a Distribution.

*"**Distribution Tax Rate**"* means a rate reasonably determined by the Manager, which rate shall be no greater than to the highest effective marginal combined federal, state and local income tax rate for a Fiscal Year applicable to corporate or individual taxpayers (whichever is higher) that may potentially apply to any Member (or, except in the case of the Corporation, its applicable direct or indirect beneficial owners) for such Fiscal Year, taking into account the character of the relevant tax items (*e.g.,* ordinary or capital) and the deductibility of state and local income taxes for federal income tax purposes (but only to the extent such taxes are deductible under the Code).

*"**Effective Date**"* has the meaning set forth in the Preamble.

"***Equity Plan***" means any stock or equity purchase plan, restricted stock or equity plan, stock option plan, or other similar equity compensation plan now or hereafter adopted by the Company or the Corporation, including the Corporate Incentive Award Plan.

*"**Equity Securities**"* means (a) Units or other equity interests in the Company or any Subsidiary of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company or any Subsidiary of the Company), (b) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or any Subsidiary of the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company or any Subsidiary of the Company.

*"**Event of Withdrawal**"* means the bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company.

*"**Fair Market Value**"* of a specific asset of the Company will mean the amount which the Company would receive in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party, with neither party having any compulsion to buy or sell, consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale), as such amount is determined by the Manager (or, if pursuant to Section 14.02, the Liquidators) in its good faith judgment using all factors, information and data it deems to be pertinent.

*"**Fiscal Period**"* means any interim accounting period within a Taxable Year established by the Manager and which is permitted or required by Section 706 of the Code.

*"**Fiscal Year**"* means the Company's annual accounting period established pursuant to Section 8.02.

*"**Governmental Entity**"* means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including, but not limited to, any county, municipal or other local subdivision of the foregoing, or (d) any agency, arbitrator or arbitral body, authority, board, body, bureau, commission, court, department, entity, instrumentality, organization or tribunal exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

*"**Holdings**"* has the meaning set forth in the Recitals.

"***Holdings LLCA***" has the meaning set forth in Section 3.04(a).

*"**Indemnified Person**"* has the meaning set forth in Section 7.04(a).

*"**Investment Company Act**"* means the U.S. Investment Company Act of 1940, as amended from time to time.

*"**IPO**"* means the initial underwritten public offering of shares of the Corporation's Class A Common Stock.

*"**Joinder**"* means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

*"**Law**"* means all laws, statutes, ordinances, rules and regulations of any Governmental Entity.

*"**Liquidator**"* has the meaning set forth in Section 14.02.

*"**Losses**"* means items of loss or deduction of the Company determined according to Section 5.01(b).

*"**Manager**"* has the meaning set forth in Section 6.01.

*"**Member**"* means, as of any date of determination, (a) each of the members named on the Schedule of Members and (b) any Person admitted to the Company as a Substituted Member or Additional Member in accordance with Article XII but in each case only so long as such Person is shown on the Company's books and records as the owner of one or more Units, each in its capacity as a member of the Company.

*"**Member Nonrecourse Debt Minimum Gain**"* means an amount with respect to each "partner nonrecourse debt" (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

*"**Minimum Gain**"* means "partnership minimum gain" determined pursuant to Treasury Regulation Section 1.704-2(d).

*"**Net Loss**"* means, with respect to a Fiscal Year, the excess if any, of Losses for such Fiscal Year over Profits for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Sections 5.03 and Section 5.04).

*"**Net Profit**"* means, with respect to a Fiscal Year, the excess if any, of Profits for such Fiscal Year over Losses for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Sections 5.03 and Section 5.04).

*"**Officer**"* has the meaning set forth in Section 6.01(b).

*"**Other Agreements**"* has the meaning set forth in Section 10.04.

"***Parent Mirror Unit***" has the meaning set forth in Section 3.04(a).

*"**Partnership Representative**"* has the meaning set forth in Section 9.03.

*"**Percentage Interest**"* means (i) as among an individual class of Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units of such class by the total number of Units of all Members of such class at such time and (ii) as among all Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units by the total number of Units of all Members at such time, determined as if all Class C Common Incentive Units were exchanged for Common Units in accordance with the terms of this Agreement and the Holdings LLCA. The Percentage Interest of each Member shall be calculated to the fourth decimal place.

*"**Permitted Transfer**"* has the meaning set forth in Section 10.02.

*"**Permitted Transferee**"* has the meaning set forth in Section 10.02.

*"**Person**"* means an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

*"**Previous LLC Agreement**"* has the meaning set forth in the Recitals.

*"**Pro rata**" "**pro rata portion**" "**according to their interests**" "**ratably**" "**proportionately**" "**proportional**" "**in proportion to**" "**based on the number of Units held**" "**based upon the percentage of Units held**" "**based upon the number of Units outstanding**"* and other terms with similar meanings, when used in the context of a number of Units of the Company relative to other Units, means as amongst an individual class of Units, pro rata based upon the number of such Units within such class of Units.

*"**Profits**"* means items of income and gain of the Company determined according to Section 5.01(b).

*"**Profits Interest**"* means an interest in the Company that is intended to be classified as a profits interest within the meaning of Internal Revenue Service Revenue Procedure 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the Internal Revenue Service or other Law) for U.S. federal income tax purposes, including the Class C Common Incentive Units.

*"**Quarterly Tax Distribution**"* has the meaning set forth in Section 4.01(b)(i).

*"**Registration Rights Agreement**"* means that certain Registration Rights Agreement, dated as of the Effective Date, by and among the Corporation, certain of the Members as of the Effective Date and certain other Persons whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

*"**Revised Partnership Audit Provisions**"* means Code Sections 6221 through 6241, together with any guidance issued thereunder or successor provisions and any similar provision of state, provincial or local laws.

*"**Schedule of Members**"* has the meaning set forth in Section 3.01(b).

*"**SEC**"* means the U.S. Securities and Exchange Commission, including any governmental body or agency succeeding to the functions thereof.

*"**Secondary Offering**"* means a follow-on or secondary public offering of shares of Class A Common Stock by the Corporation following the IPO.

*"**Securities Act**"* means the U.S. Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future Law.

"***Service Provider Member***" means any Member that holds Units that were issued in connection with the performance of services as an employee or other service provider to Corporation, the Company or any of their respective Subsidiaries (including, for the avoidance of doubt, Common Units that were purchased pursuant to the terms of an Award Agreement with an

employee or other service provider), whether or not such Member continues to provide services on or after the date hereof.

*"**Stock Exchange**"* means the New York Stock Exchange.

*"**Subsidiary**"* means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, references to a "Subsidiary" of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

*"**Substituted Member**"* means a Person that is admitted as a Member to the Company pursuant to Section 12.01.

*"**Tax Distributions**"* has the meaning set forth in Section 4.01(b)(i).

*"**Tax Receivable Agreement**"* means that certain Tax Receivable Agreement, dated as the date of the Effective Date, by and among the Corporation and the Company, on the one hand, and each of the other Members whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement), as the TRA Holders (as such term is defined in the Tax Receivable Agreement), on the other hand (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

*"**Taxable Year**"* means the Company's accounting period for U.S. federal income tax purposes determined pursuant to Section 9.02.

*"**Trading Day**"* means a day on which the Stock Exchange or such other principal United States securities exchange on which the Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day).

*"**Transfer**"* (and, with a correlative meaning, *"**Transferring**"*) means any sale, transfer, assignment, redemption, pledge, encumbrance or other disposition of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of Law) (a) any interest (legal or beneficial) in any Equity Securities or (b) any direct or indirect equity or other interest (legal or beneficial) in any Member if substantially all of the value of such equity or other interest is attributable (directly or indirectly) to the Units.

*"**Treasury Regulations**"* means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

*"**Unit**"* means the fractional interest of a Member in Profits, Losses and Distributions of the Company represented by Common Units, Class C Common Incentive Units and any other class, series or type of interests of the Company, and otherwise having the rights and obligations specified with respect to "Units" in this Agreement; *provided, however,* that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement applicable to such class or group of Units.

"***Unvested Class C Common Incentive Units***" means Class C Common Incentive Units that are not Vested Class C Common Incentive Units.

*"**Unvested Common Units**"* means Common Units that are not Vested Common Units.

"***Vested Class C Common Incentive Units***" means the Class C Common Incentive Units that are vested pursuant to the terms thereof or any Award Agreement relating thereto.

***"Vested Common Units"*** means the Common Units that are vested pursuant to the terms of any Award Agreement relating thereto.

ARTICLE II
ORGANIZATIONAL MATTERS

Section 2.01 Formation of Company. The Company was formed on December 2, 2009 pursuant to the provisions of the Delaware Act. The filing of the Certificate of Formation of the Company, and the Certificate of Amendment, with the Secretary of State of the State of Delaware are hereby ratified and confirmed in all respects.

Section 2.02 Seventh Amended and Restated Limited Liability Company Agreement. The Members hereby execute this Agreement for the purpose of amending, restating and superseding the Previous LLC Agreement in its entirety and otherwise establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act. The Members hereby agree that during the term of the Company set forth in Section 2.06 the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Delaware Act. No provision of this Agreement shall be in violation of the Delaware Act and to the extent any provision of this Agreement is in violation of the Delaware Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement. Neither any Member nor the Manager nor any other Person shall have appraisal rights with respect to any Units.

Section 2.03 Name. The name of the Company is "Ryan Specialty Group, LLC". The Manager, in its sole discretion, may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all of the Members. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Manager.

Section 2.04 Purpose; Powers. The primary business and purpose of the Company shall be to engage in such activities as are permitted under the Delaware Act and determined from time to time by the Manager in accordance with the terms and conditions of this Agreement. The Company

shall have the power and authority to take (directly or indirectly through its Subsidiaries) any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to accomplish the foregoing purpose.

Section 2.05 Principal Office; Registered Office. The principal office of the Company shall be located at such place or places as the Manager may from time to time designate, each of which may be within or outside the State of Delaware. The Company may have such other offices as the Manager may designate from time to time. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Manager may designate from time to time in the manner provided by law.

Section 2.06 Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in perpetuity unless dissolved in accordance with the provisions of Article XIV.

Section 2.07 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.07, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

## ARTICLE III
## MEMBERS; UNITS; CAPITALIZATION

Section 3.01 Members.

(a) The Company shall maintain a schedule setting forth: (i) the name and address of each Member, (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member and (iii) the Class C Common Incentive Unit Return Threshold applicable to each Class C Common Incentive Unit which is outstanding (such schedule, the "***Schedule of Members***"). The applicable Schedule of Members in effect as of the Effective Date and after giving effect to the Contribution is on file with the Company. The Company shall also maintain a record of (1) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units and (2) the Fair Market Value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) in its books and records. The Schedule of Members may be updated by the Manager in the Company's books and records from time to time, and as so updated, it shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to

recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware Act.

(b) No Member shall be required or, except as approved by the Manager pursuant to Section 6.01 and in accordance with the other provisions of this Agreement, permitted to (i) loan any money or property to the Company, (ii) borrow any money or property from the Company or (iii) make any additional Capital Contributions.

Section 3.02 Units.

(a) Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion in accordance with the terms and subject to the restrictions hereof. At the Effective Date, the Units will be comprised of Common Units and Class C Common Incentive Units.

(b) Subject to Section 3.04(a), the Manager may (i) issue additional Common Units and/or Class C Common Incentive Units at any time in its sole discretion and (ii) create one or more new classes or series of Units or preferred Units solely to the extent such new class or series of Units or preferred Units are substantially economically equivalent to a class of common or other stock of the Corporation or class or series of preferred stock of the Corporation, respectively; *provided,* that as long as there are any Members (other than the Corporation and its Subsidiaries) (i) no such new class or series of Units may deprive such Members of, or dilute or reduce, the allocations and distributions they would have received, and the other rights and benefits to which they would have been entitled, in respect of their Units if such new class or series of Units had not been created and (ii) no such new class or series of Units may be issued, in each case, except to the extent (and solely to the extent) the Company actually receives cash in an aggregate amount, or other property with a Fair Market Value in an aggregate amount, equal to the aggregate distributions that would be made in respect of such new class or series of Units if the Company were liquidated immediately after the issuance of such new class or series of Units.

(c) Subject to Sections 15.03(b) and 15.03(c), the Manager may amend this Agreement, without the consent of any Member or any other Person, in connection with the creation and issuance of such classes or series of Units, pursuant to Sections 3.02(b), 3.04(a) or 3.10.

(d) Common Units and Class C Common Incentive Units may be subject to vesting and other terms and conditions as set forth in an Award Agreement (or Award Agreements). Each Class C Common Incentive Unit shall be subject to a return threshold (the "***Class C Common Incentive Unit Return Threshold***"), which shall be, for each Class C Common Incentive Unit that is intended to constitute a Profits Interest for U.S. federal income tax purposes, an amount not less than the amount determined by the Manager to be necessary to cause such Management Incentive Unit to constitute a Profits Interest, as set forth on the Schedule of Members. Each Class C Common Incentive Unit that is intended

to constitute a Profits Interest shall have an initial Capital Account at the time of its issuance equal to zero dollars ($0.00).

(e) RESERVED

Section 3.03 RESERVED.

Section 3.04 Authorization and Issuance of Additional Units.

(a) The Members acknowledge and agree that Holdings is intended to serve as a holding company for the Company, and that for each Unit issued by the Company, it is intended that Holdings will have issued a corresponding unit (each such unit issued by Holdings, a "***Parent Mirror Unit***"). Each of the Units issued by the Company to Holdings is intended to have the same economic terms and entitlements as a corresponding Parent Mirror Unit, and in the case of a Class C Common Incentive Unit issued by the Company, each such Class C Common Incentive Unit shall be subject to the same terms, conditions and limitations (including applicable participation thresholds) as the applicable corresponding Parent Mirror Unit. The Company shall take any and all action as the Manager determines in its sole discretion is necessary or appropriate to implement the intention of the Members described in this Section 3.04(a), including, without limitation, the acceptance of a contribution from Holdings of cash or other property in exchange for additional Units corresponding to Parent Mirror Units, the conversion of Class C Incentive Units into Common Units in connection with any corresponding exchange made by Holdings pursuant to Section 11.05 of the limited liability company agreement of Holdings (the "***Holdings LLCA***"), the redemption or cancellation of corresponding Units in connection with a redemption or forfeiture of Parent Mirror Units (other than, unless otherwise determined by the Manager, any redemption contemplated by Section 11.01 of the Holdings LLCA), and any similar or related action in connection with any of the foregoing.

(b) The Company shall only be permitted to issue additional Common Units and Class C Common Incentive Units, and/or establish other classes or series of Units or other Equity Securities in the Company to the Persons and on the terms and conditions provided for in Section 3.02, this Section 3.04, Section 3.10 and Section 3.11. Subject to the foregoing, the Manager may cause the Company to issue additional Common Units and Class C Common Incentive Units authorized under this Agreement and/or establish other classes or series of Units or other Equity Securities in the Company at such times and upon such terms as the Manager shall determine and the Manager shall amend this Agreement as necessary in connection with the issuance of additional Common Units under this Section 3.04 and admission of Additional Members without the requirement of any consent or acknowledgement of any other Member.

Section 3.05 Repurchase or Redemption of Shares of Class A Common Stock. Except as otherwise determined by the Manager in connection with the use of cash or other assets held by the Corporation, if at any time, (a) any shares of Class A Common Stock are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by the Corporation for cash and (b) Holdings redeems a corresponding number of its units pursuant

to Section 3.05 of the Holdings LLCA, then the Manager shall cause the Company, immediately prior to such repurchase or redemption of Class A Common Stock, to redeem a corresponding number of Common Units held by Holdings, at an aggregate redemption price equal to the aggregate purchase or redemption price of the shares of Class A Common Stock being repurchased or redeemed by the Corporation (plus any expenses related thereto) and upon such other terms as are the same for the shares of Class A Common Stock being repurchased or redeemed by the Corporation. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any repurchase or redemption if such repurchase or redemption would violate any applicable Law.

Section 3.06 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units.

(a) Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by any two (2) authorized officers of the Company, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. No Units shall be treated as a "security" within the meaning of Article 8 of the Uniform Commercial Code unless all Units then outstanding are certificated; notwithstanding anything to the contrary herein, including Section 15.03, the Manager is authorized to amend this Agreement in order for the Company to opt-in to the provisions of Article 8 of the Uniform Commercial Code without the consent or approval of any Member of any other Person.

(b) If Units are certificated, the Manager may direct that a new certificate representing one or more Units be issued in place of any certificate theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon delivery to the Manager of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Manager may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company 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 any such new certificate.

(c) To the extent Units are certificated, upon surrender to the Company or the transfer agent of the Company, if any, of a certificate for one or more Units, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, in compliance with the provisions hereof, the Company shall issue a new certificate representing one or more Units to the Person entitled thereto, cancel the old certificate and record the transaction upon its books. Subject to the provisions of this Agreement, the Manager may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, Transfer and registration of Units.

Section 3.07 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 3.08 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

Section 3.09 Loans From Members. Loans by Members to the Company shall not be considered Capital Contributions. Subject to the provisions of Section 3.01(c), the amount of any such advances shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such advances are made.

Section 3.10 RESERVED.

Section 3.11 Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article III, all amounts received or deemed received by the Corporation in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Corporation to effect open market purchases of shares of Class A Common Stock, or (b) if the Corporation elects instead to issue new shares of Class A Common Stock with respect to such amounts, shall be contributed by the Corporation to Holdings and then to the Company in exchange for additional Common Units. Upon such contribution, the Company will issue to Holdings a number of Common Units equal to the number of new shares of Class A Common Stock so issued.

## ARTICLE IV
## DISTRIBUTIONS

Section 4.01 Distributions.

(a) *Distributable Cash; Other Distributions.* To the extent permitted by applicable Law and hereunder, Distributions to Members may be declared by the Manager out of Distributable Cash or other funds or property legally available therefor in such amounts, at such time and on such terms (including the payment dates of such Distributions) as the Manager in its sole discretion shall determine using such record date as the Manager may designate. All Distributions made under this Section 4.01 shall be made to the Members as of the close of business on such record date on a *pro rata* basis in accordance with each Member's Percentage Interest (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)) as of the close of business on such record date; *provided, however,* that the Manager shall have the obligation to make Distributions as set forth in Section 4.01(b) and 14.02; *provided, further,* subject to Section 4.01(c), for purposes of this Section 4.01(a) and notwithstanding anything to the contrary set forth herein, a holder of a Class C Common Incentive Unit (or portion thereof) shall be eligible to participate in distributions (A) only to the extent that the per Unit amount distributed by the Company (after the date of issuance of such Class C Common Incentive Unit) in respect of each Common Unit that is not a Class C Common Incentive Unit and that was outstanding on the date of issuance of such Class C Common Incentive Unit, excluding Tax Distributions, exceeds the then-unsatisfied Class C Common Incentive Unit Return Threshold applicable to such Class C Common Incentive Unit and (B) solely from the excess described in the preceding clause (A). Notwithstanding any other provision

herein to the contrary, no Distributions shall be made to any Member to the extent such Distribution would render the Company insolvent or violate the Delaware Act. For purposes of the foregoing sentence, insolvency means the inability of the Company to meet its payment obligations when due. In furtherance of the foregoing, it is intended that the Manager shall, to the extent permitted by applicable Law and hereunder, have the right in its sole discretion to make Distributions of Distributable Cash to the Members pursuant to this Section 4.01(a) in such amounts as shall enable the Corporation to meet its obligations, including its obligations pursuant to the Tax Receivable Agreement (to the extent such obligations are not otherwise able to be satisfied as a result of Tax Distributions required to be made pursuant to Section 4.01(b)). Notwithstanding anything to the contrary in this Section 4.01(a), (i) the Company shall not make a distribution (other than Tax Distributions under Section 4.01(b)) to any Member in respect of any Unvested Common Units or Unvested Class C Common Incentive Units and (ii) with respect to any amounts that would otherwise have been distributed to a Member but for the preceding clause (i), such amount shall be set aside by the Company for the benefit of such Member unless and until such time as such Unvested Common Units or Unvested Class C Common Incentive Units have vested in accordance with the applicable equity plan or individual award agreement, and within five (5) Business Days of such time, the Company shall distribute such amounts to such Member. If any condition to the vesting of Unvested Common Units or Unvested Class C Common Incentive Units becomes incapable of being satisfied (or if any holder of Common Units or Class C Common Incentive Units is required to return any Distribution in respect thereof as a result of the violation of any employment or post-employment restrictive covenant), then any amounts that have not been distributed with respect to such Unvested Common Units or Unvested Class C Common Incentive Units may be distributed to all other Members.

(b) *Tax Distributions*.

(i) With respect to each Fiscal Year, to the extent the Company has available cash for distribution by the Company under the Delaware Act and subject to any applicable agreement to which the Company or any of its Subsidiaries is a party governing the terms of third party indebtedness for borrowed money, and subject to the retention and establishment of reserves, or payment to third parties, of such funds as the Manager deems necessary or desirable in its sole discretion with respect to the reasonable needs and obligations of the Company or any of its Subsidiaries, the Company shall, to the extent permitted by applicable Law, make cash distributions *("**Tax Distributions**")* to each Member in accordance with, and to the extent of, such Member's Assumed Tax Liability. Tax Distributions pursuant to this Section 4.01(b)(i) shall be estimated by the Company on a quarterly basis and, to the extent feasible, shall be distributed to the Members on a quarterly basis on or prior to April 15th, June 15th, September 15th and January 15th (of the succeeding year) (or such other dates for which individuals or corporations (whichever is earlier) are required to make quarterly estimated tax payments for U.S. federal income tax purposes) (each, a *"**Quarterly Tax Distribution**"), provided,* that the foregoing shall not restrict the Company from making a Tax Distribution on any other date. Quarterly Tax Distributions shall take into account the estimated taxable income or loss of the Company for the Fiscal Year through

the end of the relevant quarterly period. A final accounting for Tax Distributions shall be made for each Fiscal Year after the allocation of the Company's actual net taxable income or loss has been determined and any shortfall in the amount of Tax Distributions a Member received for such Fiscal Year based on such final accounting shall promptly be distributed to such Member.

(ii) To the extent a Member otherwise would be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 4.01(b) (other than any distributions made pursuant to Section 4.01(b)(v)) on any given date, the Tax Distributions to such Member shall be increased to ensure that all Distributions made pursuant to this Section 4.01(b) are made *pro rata* in accordance with the Members' respective Percentage Interests. If, on the date of a Tax Distribution, there are insufficient funds on hand to distribute to the Members the full amount of the Tax Distributions to which such Members are otherwise entitled, Distributions pursuant to this Section 4.01(b) shall be made to the Members to the extent of available funds in accordance with their Percentage Interests and the Company shall make future Tax Distributions (pro rata in accordance with the Members' respective Percentage Interests) as soon as funds become available sufficient to pay the remaining portion of the Tax Distributions to which such Members are otherwise entitled.

(iii) In the event of any audit by, or similar event with, a taxing authority that affects the calculation of any Member's Assumed Tax Liability for any Taxable Year beginning on or after January 1, 2021 (other than an audit conducted pursuant to the Revised Partnership Audit Provisions for which no election is made pursuant to Section 6226 thereof and the Treasury Regulations promulgated thereunder), or in the event the Company files an amended tax return, each Member's Assumed Tax Liability with respect to such year shall be recalculated by giving effect to such event (for the avoidance of doubt, taking into account interest or penalties). Any shortfall in the amount of Tax Distributions the Members and former Members received for the relevant Taxable Years based on such recalculated Assumed Tax Liability promptly shall be distributed to such Members and the successors of such former Members, except, for the avoidance of doubt, to the extent Distributions were made to such Members and former Members pursuant to Section 4.01(a) and this Section 4.01(b) in the relevant Taxable Years sufficient to cover such shortfall.

(iv) Notwithstanding the foregoing, Tax Distributions pursuant to this Section 4.01(b) (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)), if any, shall be made to a Member only to the extent all previous Tax Distributions to such Member pursuant to Section 4.01(b) with respect to the Fiscal Year are less than the Tax Distributions such Member otherwise would have been entitled to receive with respect to such Fiscal Year pursuant to this Section 4.01(b).

(v) Notwithstanding the foregoing and anything to the contrary in this Agreement, following the Effective Date, no Member shall have any further right

to any Tax Distributions (as defined in the Previous LLC Agreement) pursuant to Section 4.1(a) of the Previous LLC Agreement.

(vi) For the avoidance of doubt, Tax Distributions shall be treated for all purposes of this Agreement as an entitlement separate from and in addition to any other entitlement of any Member pursuant to this Agreement, including any distributions to which a Member is entitled pursuant to Section 4.01(a).

(vii) Notwithstanding anything herein to the contrary, to the extent two or more Members are included in the same "affiliated group" (within the meaning of Section 1504(a)(1) of the Code) that files a consolidated U.S. federal income tax return with respect to a given taxable year, such Members shall be aggregated and treated as a single Member for purposes of this Section 4.01(b) with respect to such taxable year.

(c) *Limitations in Respect of Profits Interests*

(i) It is the intention of the Members that distributions with respect to each Profits Interest be limited to the extent necessary so that each Profits Interest qualifies at the time of grant as a "profits interest" for U.S. federal income tax purposes, and this Agreement shall be interpreted accordingly. In the event that distributions to which a Member would otherwise be entitled are inconsistent with the preceding sentence, the Manager is authorized to adjust future distributions to the Members in whatever manner it deems appropriate (to the extent consistent with the intended treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes) so that, after such adjustments are made, each Member receives, to the maximum extent possible, an amount of distributions equal to the amount of distributions such Member would have received were such sentence not part of this Agreement. Additionally, the Company intends to treat a Member holding a Profits Interest as the owner of such Interest for tax reporting purposes from the date it is granted, and the Company intends to file its IRS Form 1065, and the Company intends to issue appropriate Schedule K-1s, if any, to such Member, allocating to such Member its distributive share of all items of income, gain, loss, deduction and credit associated with such Class C Common Incentive Unit (or portion thereof) as if no time-based vesting restrictions applied. Each holder of Class C Common Incentive Units agrees to take into account such distributive share in computing its U.S. federal income tax liability for the entire period during which it holds any Class C Common Incentive Unit (or portion thereof). The undertakings contained in this Section 4.01(c)(i) shall be construed in accordance with the treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes. Each recipient of a Profits Interest whether issued on or after the date hereof that is subject to vesting agrees to timely and properly file an election under Section 83(b) of the Code with respect to each Profits Interest and provide the Company with a copy of such election. Each holder of Profits Interests acknowledges and agrees that such holder will consult with such holder's tax advisor to determine the tax consequences of filing an election under Section 83(b) of the Code. Each such holder acknowledges that it is the sole responsibility of such

holder, and not the Company, to file a timely election under Section 83(b) of the Code even if such holder requests the Company or its representatives to make such filing on behalf of such holder.

(ii) By executing this Agreement, each Member authorizes the Company, at the election of the Manager, to elect to have the "Safe Harbor" described in the proposed Revenue Procedure ("Revenue Procedure" ) set forth in the IRS Notice 2005-43 (the "Notice") apply to any Interest Transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company or any Subsidiary of the Company. For purposes of making such "Safe Harbor" election, the Manager is hereby designated as the "partner who has responsibility for U.S. federal income tax reporting" by the Company and, accordingly, execution of such "Safe Harbor" election by the Manager shall constitute execution of a "Safe Harbor Election" in accordance with Section 3.03 of the Notice. The Company and each Member hereby agree to comply with all requirements of the "Safe Harbor" described in the Notice, to the extent such requirements are imposed in the Revenue Procedure, including the requirement that each Member shall prepare and file all U.S. federal income tax returns reporting the income tax effects of each interest in the Company issued by the Company covered by the "Safe Harbor" in a manner consistent with the requirements of the Revenue Procedure.

(iii) Each Member authorizes the Manager to amend this Section 4.01(c) to the extent necessary and advisable as determined by the Manager to comply with the requirements of the Revenue Procedure as issued; provided, that such amendment is not materially and disproportionally adverse to such Member (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all Interests in the Company Transferred to a service provider by the Company in connection with services provided to the Company or any Subsidiary of the Company). A Member's obligations to comply with the requirements of this Section 4.01(c) shall survive such Member's ceasing to be a Member of the Company and/or the winding up and dissolution of the Company, and, for purposes of this Section 4.01(c), the Company shall be treated as continuing in existence.

## ARTICLE V
## CAPITAL ACCOUNTS; ALLOCATIONS; TAX MATTERS

Section 5.01 Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Manager), upon the occurrence of the events specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such Treasury Regulation and Treasury Regulation Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of the Company's property.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction with respect to the Company to be allocated pursuant to this Article V and to be reflected in the Capital Accounts of the Members, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose); *provided, however,* that:

(i) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(1)(B) or Code Section 705(a)(2)(B) and Treasury Regulation Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includible in gross income or are not deductible for U.S. federal income tax purposes.

(ii) If the Book Value of any property of the Company is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss or deduction attributable to the disposition of property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization and other cost recovery deductions with respect to property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any asset of the Company pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

Section 5.02 Allocations. Except as otherwise provided in Section 5.03 and Section 5.04, Net Profits and Net Losses for any Fiscal Year or Fiscal Period shall be allocated among the Capital Accounts of the Members in a manner such that the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 4.01(a) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Book Value of the assets securing such liability), and the net assets of the Company were distributed, in accordance with Section 4.01(a), to the Members immediately after making such allocation, assuming for this purpose that any Common Units or Class C Common Incentive Units which are subject to vesting conditions in accordance with any applicable equity plan or individual award agreement are fully vested, minus

(ii) such Member's share of Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

Section 5.03 Regulatory Allocations.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Members in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(i)(4).

(b) Nonrecourse deductions (as determined according to Treasury Regulation Section 1.704-2(b)(l)) for any Taxable Year shall be allocated pro rata among the Members in accordance with their Percentage Interests. Except as otherwise provided in Section 5.03(a), if there is a net decrease in the Minimum Gain during any Taxable Year, each Member shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(f). This Section 5.03(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or Distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (4), (5) and (6) has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Section 5.03(a) and 5.03(b) but before the application of any other provision of this Article V, then Profits for such Taxable Year shall be allocated to such Member in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 5.03(c) is intended to be a qualified income offset provision as described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) If the allocation of Net Losses to a Member as provided in Section 5.02 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as will not create or increase an Adjusted Capital Account Deficit. The Net Losses that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to this Section 5.03(d).

(e) Profits and Losses described in Section 5.01(b)(v) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(j), (k) and (m).

(f) The allocations set forth in Section 5.03(a) through and including Section 5.03(e) (the "***Regulatory Allocations****")* are intended to comply with certain requirements

of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Profit and Loss of the Company or make Distributions. Accordingly, notwithstanding the other provisions of this Article V, but subject to the Regulatory Allocations, income, gain, deduction and loss with respect to the Company shall be reallocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they would have been if Profit and Loss (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or Fiscal Period there is a decrease in partnership minimum gain, or in partner nonrecourse debt minimum gain, and application of the minimum gain chargeback requirements set forth in Section 5.03(a) or Section 5.03(b) would cause a distortion in the economic arrangement among the Members, the Members may, if they do not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirement.

Section 5.04 Final Allocations.

(a) Notwithstanding any contrary provision in this Agreement except Section 5.03, the Manager shall make appropriate adjustments to allocations of Profits and Losses to (or, if necessary, allocate items of gross income, gain, loss or deduction of the Company among) the Members upon the liquidation of the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations), the transfer of substantially all the Units (whether by sale or exchange or merger) or sale of all or substantially all the assets of the Company, such that, to the maximum extent possible, the Capital Accounts of the Members are proportionate to their Percentage Interests. In each case, such adjustments or allocations shall occur, to the maximum extent possible, in the Fiscal Year of the event requiring such adjustments or allocations.

(b) If any holder of Common Units or Class C Common Incentive Units which are subject to vesting conditions forfeits (or the Company has repurchased at less than fair market value) all or a portion of such holder's unvested Common Units or Class C Common Incentive Units, the Company shall make forfeiture allocations in respect of such unvested Common Units or Class C Common Incentive Units in the manner and to the extent required by Proposed Treasury Regulations Section 1.704-1(b)(4)(xii) (as such Proposed Treasury Regulations may be amended or modified, including upon the issuance of temporary or final Treasury Regulations).

Section 5.05 Tax Allocations.

(a) The income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; *provided* that if any such allocation is not permitted by the Code or other applicable Law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of taxable income, gain, loss and deduction of the Company with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value as determined by the Manager in good faith.

(c) If the Book Value of any asset of the Company is adjusted pursuant to Section 5.01(b), including adjustments to the Book Value of any asset of the Company in connection with the execution of this Agreement, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value using the traditional method set forth in Treasury Regulations Section 1.704-3(b).

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Members as determined by the Manager taking into account the principles of Treasury Regulation Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.05 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Distributions or other items of the Company pursuant to any provision of this Agreement.

Section 5.06 Indemnification and Reimbursement for Payments on Behalf of a Member. If the Company is obligated to pay any amount to a Governmental Entity (or otherwise makes a payment to a Governmental Entity) that is specifically attributable to a Member or a Member's status as such (including federal income taxes, additions to tax, interest and penalties as a result of obligations of the Company pursuant to the Revised Partnership Audit Provisions, federal withholding taxes, state personal property taxes and state unincorporated business taxes), then such Member shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Manager may offset Distributions to which a Member is otherwise entitled under this Agreement against such Member's obligation to indemnify the Company under this Section 5.06. A Member's obligation to make payments to the Company under this Section 5.06 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the dissolution, liquidation, winding up and termination of the Company. In the event that the Company has been terminated prior to the date such payment is due, such Member shall make such payment to the Manager (or its designee), which shall distribute such funds in accordance with this Agreement. The Company may pursue and enforce all rights and remedies it may have against each Member under this

Section 5.06, including instituting a lawsuit to collect such contribution with interest calculated at a rate per annum equal to the sum of the Base Rate plus 300 basis points (but not in excess of the highest rate per annum permitted by Law). Each Member hereby agrees to furnish to the Company such information and forms as required or reasonably requested in order to comply with any Laws and regulations governing withholding of tax or in order to claim any reduced rate of, or exemption from, withholding to which the Member is legally entitled. The Company may withhold any amount that it determines is required to be withheld from any amount otherwise payable to any Member hereunder, and any such withheld amount shall be deemed to have been paid to such Member for purposes of this Agreement.

## ARTICLE VI
## MANAGEMENT

Section 6.01 Authority of Manager; Officer Delegation.

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Corporation, as the sole managing member of the Company (the Corporation, in such capacity, the "***Manager***"), (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company and (iii) no other Member shall have any right, authority or power to vote, consent or approve any matter, whether under the Delaware Act, this Agreement or otherwise. The Manager shall be the "manager" of the Company for the purposes of the Delaware Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Delaware Act with respect to the management and control of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 6.04.

(b) Without limiting the authority of the Manager to act on behalf of the Company, the day-to-day business and operations of the Company may be overseen and implemented by officers of the Company (each, an "***Officer****"* and collectively, the *"****Officers****"),* subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager, with the initial Officers of the Company hereby appointed in such roles as set forth on Schedule 3 attached hereto, and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions of this Agreement (including in Section 6.07 below), the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall be limited to such duties as the Manager may, from time to time, delegate to them. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. All Officers shall be, and shall be deemed to be, officers and employees of the Company. An Officer may also perform one or more roles

as an officer of the Manager. Any Officer may be removed at any time, with or without cause, by the Manager.

(c) Subject to the other provisions of this Agreement, the Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, conversion, division, reorganization or other combination of the Company with or into another entity, for the avoidance of doubt, without the prior consent of any Member or any other Person being required. The Manager shall have the power and authority to cash out fractional Units on such terms and at such times as it determines.

Section 6.02 Actions of the Manager. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 6.07.

Section 6.03 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. For the avoidance of doubt, the Members have no right under this Agreement to remove or replace the Manager.

Section 6.04 Vacancies. Vacancies in the position of Manager occurring for any reason shall be filled by the Corporation (or, if the Corporation has ceased to exist without any successor or assign, then by the holders of a majority in interest of the voting capital stock of the Corporation immediately prior to such cessation). For the avoidance of doubt, the Members (other than the Corporation) have no right under this Agreement to fill any vacancy in the position of Manager.

Section 6.05 Transactions Between the Company and the Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided,* that such contracts and dealings (other than contracts and dealings between the Company and its Subsidiaries) are on terms comparable to and competitive with those available to the Company from others dealing at arm's length or are approved by the Members and otherwise are permitted by the Credit Agreements; *provided* that the foregoing shall in no way limit the Manager's rights under Section 3.02, 3.04, 3.05 or 3.10. The Members hereby approve each of the contracts or agreements between or among the Manager, the Company and their respective Affiliates entered into on or prior to the date of this Agreement in accordance with the Previous LLC Agreement or that the board of managers of the Company or the Corporate Board has previously approved.

Section 6.06 Reimbursement for Expenses. The Manager shall not be compensated for its services as Manager of the Company except as expressly provided in this Agreement. The Members acknowledge and agree that (a) the Manager's Class A Common Stock is publicly traded and, therefore, the Manager will have access to the public capital markets and that such status and the services performed by the Manager will inure to the benefit of the Company and all Members and (ii) Holdings serves as a holding company for the Company and such status as a holding

company will inure to the benefit of the Company and its Members; therefore each of Holdings and the Manager shall be reimbursed by the Company for any reasonable out-of-pocket expenses incurred on behalf of the Company, including without limitation all fees, expenses and costs associated with the IPO and all fees, expenses and, in the case of the Manager, the costs of being a public company (including without limitation public reporting obligations, proxy statements, stockholder meetings, Stock Exchange fees, transfer agent fees, legal fees, accounting fees, SEC and FINRA filing fees and offering expenses, and other related fees) and maintaining its corporate or legal existence. In the event that shares of Class A Common Stock are sold to underwriters in a public offering at a price per share that is lower than the price per share for which such shares of Class A Common Stock are sold to the public in such public offering after taking into account underwriters' discounts or commissions and brokers' fees or commissions (such difference, the "***Discount***"*)* (i) the Manager shall be deemed to have contributed to Holdings in exchange for newly issued common units the full amount for which such shares of Class A Common Stock were sold to the public, (ii) Holdings shall be deemed to have contributed to the Company in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public and (iii) the Company shall be deemed to have paid the Discount as an expense. To the extent practicable, expenses incurred by the Manager or Holdings on behalf of or for the benefit of the Company shall be billed directly to and paid by the Company and, if and to the extent any reimbursements to the Manager, Holdings or any of their Affiliates by the Company pursuant to this Section 6.06 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Company), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Members' Capital Accounts. Notwithstanding the foregoing, the Company shall not bear any income tax obligations of the Manager or any payments made pursuant to the Tax Receivable Agreement (except, in each case, to the extent such income tax obligations specifically arise as a result of the consummation of the IPO or any restructuring transactions related thereto).

Section 6.07 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including, without limitation, chief executive officer, president, chief financial officer, chief operating officer, general counsel, senior vice president, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons which may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

Section 6.08 Limitation of Liability of Manager.

(a) Except as otherwise provided herein or in an agreement entered into by such Person and the Company, neither the Manager nor any of the Manager's Affiliates or Manager's officers, employees or other agents shall be liable to the Company, to any Member that is not the Manager or to any other Person bound by this Agreement for any act or omission performed or omitted by the Manager in its capacity as the sole managing member of the Company pursuant to authority granted to the Manager by this Agreement; *provided, however,* that, except as otherwise provided herein, such limitation of liability

shall not apply to the extent the act or omission was attributable to the Manager's willful misconduct or knowing violation of Law or for any present or future material breaches of any representations, warranties or covenants by the Manager or its Affiliates contained herein or in the Other Agreements with the Company. The Manager may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Manager in good faith reliance on such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

(b) To the fullest extent permitted by applicable Law, whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable United States generally accepted accounting practices or principles, notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise.

(c) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, whenever in this Agreement or any other agreement contemplated herein, the Manager is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company, other Members or any other Person.

(d) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement the Manager is permitted or required to take any action or to make a decision in its "good faith" or under another express standard, the Manager shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, notwithstanding any provision of this Agreement or duty otherwise, existing at Law or in equity, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith or in accordance with such other express standard, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or impose liability upon the Manager or any of the Manager's Affiliates and shall be deemed approved by all Members.

Section 6.09 Investment Company Act. The Manager shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act.

## ARTICLE VII
## RIGHTS AND OBLIGATIONS OF MEMBERS AND MANAGER

Section 7.01 Limitation of Liability and Duties of Members.

(a) Except as provided in this Agreement or in the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member or Manager shall be obligated personally for any such debts, obligations, contracts or liabilities of the Company solely by reason of being a Member or the Manager (except to the extent and under the circumstances set forth in any non-waivable provision of the Delaware Act). Notwithstanding anything contained herein to the contrary, to the fullest extent permitted by applicable Law, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

(b) In accordance with the Delaware Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no Distribution to any Member pursuant to Articles IV or XIV shall be deemed a return of money or other property paid or distributed in violation of the Delaware Act. The payment of any such money or Distribution of any such property to a Member shall be deemed to be a compromise within the meaning of Section 18-502(b) of the Delaware Act, and, to the fullest extent permitted by Law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person, unless such distribution was made by the Company to its Members in clerical error. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.

(c) To the fullest extent permitted by applicable Law, including Section 18-1101(c) of the Delaware Act, and notwithstanding any other provision of this Agreement (but subject, and without limitation, to Section 6.08 with respect to the Manager) or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, the parties hereto hereby agree that to the extent that any Member (other than the Manager in its capacity as such) (or any Member's Affiliate or any manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Member or of any Affiliate of a Member) has duties (including fiduciary duties) to the Company, to the Manager, to another Member, to any Person who acquires an interest in a Unit or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties or standards expressly set forth herein, if any; provided, however, that the foregoing shall not

eliminate the implied contractual covenant of good faith and fair dealing. The elimination of duties (including fiduciary duties) to the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement and replacement thereof with the duties or standards expressly set forth herein, if any, are approved by the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement.

Section 7.02 Lack of Authority. No Member, other than the Manager or a duly appointed Officer, in each case in its capacity as such, has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on them by Law and this Agreement.

Section 7.03 No Right of Partition. No Member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any property of the Company, or the right to own or use particular or individual assets of the Company.

Section 7.04 Indemnification.

(a) Subject to Section 5.06, the Company hereby agrees to indemnify and hold harmless any Person (each an *"**Indemnified Person**")* to the fullest extent permitted under applicable Law, as the same now exists or may hereafter be amended, substituted or replaced (but, to the fullest extent permitted by Law, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person is or was a Member or an Affiliate thereof (other than as a result of an ownership interest in the Corporation) or is or was serving as the Manager or a director, officer, employee or other agent of the Manager, or a director, manager, Officer, employee or other agent of the Company or is or was serving at the request of the Company as a manager, officer, director, principal, member, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise; *provided, however,* that no Indemnified Person shall be indemnified for any expenses, liabilities and losses suffered that are attributable to such Indemnified Person's or its Affiliates' willful misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by such Indemnified Person or its Affiliates contained herein or in Other Agreements with the Company. Reasonable expenses, including out-of-pocket attorneys' fees, incurred by any such Indemnified Person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Company.

(b) The right to indemnification and the advancement of expenses conferred in this Section 7.04 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, bylaw, action by the Manager or otherwise.

(c) The Company shall maintain directors' and officers' liability insurance, or substantially equivalent insurance, at its expense, to protect any Indemnified Person against any expense, liability or loss described in Section 7.04(a) whether or not the Company would have the power to indemnify such Indemnified Person against such expense, liability or loss under the provisions of this Section 7.04. The Company shall use its commercially reasonable efforts to purchase and maintain property, casualty and liability insurance in types and at levels customary for companies of similar size engaged in similar lines of business, as determined in good faith by the Manager, and the Company shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by the Manager.

(d) The indemnification and advancement of expenses provided for in this Section 7.04 shall be provided out of and to the extent of Company assets only. No Member (unless such Member otherwise agrees in writing or is found in a non-appealable decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company. The Company (i) shall be the primary indemnitor of first resort for such Indemnified Person pursuant to this Section 7.04 and (ii) shall be fully responsible for the advancement of all expenses and the payment of all damages or liabilities with respect to such Indemnified Person which are addressed by this Section 7.04.

(e) If this Section 7.04 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person pursuant to this Section 7.04 to the fullest extent permitted by any applicable portion of this Section 7.04 that shall not have been invalidated and to the fullest extent permitted by applicable Law.

Section 7.05 Inspection Rights. Section 18-305(a) of the Delaware Act (entitled "Access to and Confidentiality of Information; Records") shall not apply to or be incorporated into this Agreement and each unitholder hereby expressly waives any and all rights under such Section of the Delaware Act.

## ARTICLE VIII
## BOOKS, RECORDS, ACCOUNTING AND REPORTS, AFFIRMATIVE COVENANTS

Section 8.01 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required pursuant to applicable Laws. All matters concerning (a) the determination of the relative amount of allocations and Distributions among the Members pursuant to Articles IV and V and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided

for by the terms of this Agreement, shall be determined by the Manager, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

Section 8.02 Fiscal Year. The Fiscal Year of the Company shall end on December 31 of each year or such other date as may be required by the established by the Manager.

## ARTICLE IX
## TAX MATTERS

Section 9.01 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all tax returns required to be filed by the Company. The Manager shall use reasonable efforts to furnish, within one hundred and eighty (180) days of the close of each Taxable Year, to each Member a completed IRS Schedule K-l (and any comparable state income tax form) and such other information as is reasonably requested by such Member relating to the Company that is necessary for such Member to comply with its tax reporting obligations. Subject to the terms and conditions of this Agreement and except as otherwise provided in this Agreement, in its capacity as Partnership Representative, the Corporation shall have the authority to prepare the tax returns of the Company using such permissible methods and elections as it determines in its reasonable discretion, including without limitation the use of any permissible method under Section 706 of the Code for purposes of determining the varying Units of its Members.

Section 9.02 Tax Elections. The Taxable Year shall be the Fiscal Year set forth in Section 8.02, unless otherwise required by Section 706 of the Code. The Manager shall cause the Company and each of its Subsidiaries that is treated as a partnership for U.S. federal income tax purposes to have in effect an election pursuant to Section 754 of the Code (or any similar provisions of applicable state, local or foreign tax Law) for each Taxable Year. The Manager shall take commercially reasonable efforts to cause each Person in which the Company owns a direct or indirect equity interest (other than a Subsidiary) that is so treated as a partnership to have in effect any such election for each Taxable Year. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections.

Section 9.03 Tax Controversies. The Manager shall cause the Company to take all necessary actions required by Law to designate the Corporation as the "tax matters partner" of the Company within the meaning of Section 6231 of the Code (as in effect prior to repeal of such section pursuant to the Revised Partnership Audit Provisions) with respect any Taxable Year beginning on or before December 31, 2017. The Manager shall further cause the Company to take all necessary actions required by Law to designate the Corporation as the "partnership representative" of the Company as provided in Section 6223(a) of the Code with respect to any Taxable Year of the Company beginning after December 31, 2017, and if the "partnership representative" is an entity, the Corporation is hereby authorized to designate an individual to be the sole individual through which such entity "partnership representative" will act (in such capacities, collectively, the "***Partnership Representative***"). The Company and the Members shall cooperate fully with each other and shall use reasonable best efforts to cause the Corporation (or its designated individual, as applicable) to become the Partnership Representative with respect to any taxable period of the Company with respect to which the statute of limitations has not yet expired (and causing any tax matters partner, partnership representative or designated individual designated prior to the Effective Date to resign, be revoked or replaced, as applicable). The

Partnership Representative shall have the right and obligation to take all actions authorized and required, by the Code for the Partnership Representative and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including any resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and the Partnership Representative and to do or refrain from doing any or all things reasonably requested by the Company or the Partnership Representative with respect to the conduct of such proceedings. Without limiting the generality of the foregoing, with respect to any audit or other proceeding, the Partnership Representative shall be entitled to cause the Company (and any of its Subsidiaries) to make any available elections pursuant to Section 6226 of the Code (and similar provisions of state, local and other Law), and the Members shall cooperate to the extent reasonably requested by the Company in connection therewith. The Company shall reimburse the Partnership Representative for all reasonable out-of-pocket expenses incurred by the Partnership Representative, including reasonable fees of any professional attorneys, in carrying out its duties as the Partnership Representative. The provisions of this Section 9.03 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the termination of the Company, and shall remain binding on each Member for the period of time necessary to resolve all tax matters relating to the Company, and shall be subject to the provisions of the Tax Receivable Agreement, as applicable.

## ARTICLE X
## RESTRICTIONS ON TRANSFER OF UNITS; CERTAIN TRANSACTIONS

Section 10.01 Transfers by Members. No holder of Units shall Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Sections 10.02 and 10.09 or (b) approved in advance and in writing by the Manager, in the case of Transfers by any Member other than the Manager, or (c) in the case of Transfers by the Manager, to any Person who succeeds to the Manager in accordance with Section 6.04. Notwithstanding the foregoing, "***Transfer***" shall not include any indirect Transfer of Units held by the Manager by virtue of any Transfer of Equity Securities in the Corporation.

Section 10.02 Permitted Transfers. The restrictions contained in Section 10.01 shall not apply to a Transfer by a Member to the Corporation or any of its Subsidiaries (each, a *"**Permitted Transfer**"* and each transferee, a "***Permitted Transferee***"). All Permitted Transfers are subject to the additional limitations set forth in Section 10.07(b).

Section 10.03 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or if an exemption from such registration is then available with respect to such sale. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED ON [_____], AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF

1933, AS AMENDED (THE "***ACT***"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE SEVENTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF RYAN SPECIALTY GROUP, LLC, AS IT MAY BE AMENDED, RESTATED, AMENDED AND RESTATED, OR OTHERWISE MODIFIED FROM TIME TO TIME, AND RYAN SPECIALTY GROUP, LLC RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY RYAN SPECIALTY GROUP, LLC TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company shall imprint such legend on certificates (if any) evidencing Units. The legend set forth above shall be removed from the certificates (if any) evidencing any Units which cease to be Units in accordance with the definition thereof.

Section 10.04 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective Permitted Transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate to which the transferor was a party (collectively, the *"**Other Agreements**")* by executing and delivering to the Company counterparts of this Agreement and any applicable Other Agreements.

Section 10.05 Assignee's Rights.

(a) The Transfer of a Unit in accordance with this Agreement shall be effective as of the date of such Transfer (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other items of the Company shall be allocated between the transferor and the transferee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the transferor, and Distributions made on or after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to Article XII, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however,* that, without relieving the Transferring Member from any such limitations or obligations as more fully described in Section 10.06, such Assignee shall be bound by any limitations and obligations of a Member contained herein by which a Member would be bound on account of the Assignee's Units (including the obligation to make Capital Contributions on account of such Units).

Section 10.06 Assignor's Rights and Obligations. Any Member who shall Transfer any Unit in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units and shall no longer have any rights or privileges, or, except as set forth in this Section 10.06, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it

being understood, however, that the applicable provisions of Sections 6.08 and 7.04 shall continue to inure to such Person's benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of Article XII (the *"**Admission Date**"*), (i) such Transferring Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units, and (ii) the Manager may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units for any period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Units in the Company from any liability of such Member to the Company with respect to such Units that may exist as of the Admission Date or that is otherwise specified in the Delaware Act or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the Other Agreements with the Company.

Section 10.07 Overriding Provisions.

(a) Any Transfer or attempted Transfer of any Units in violation of this Agreement (including any prohibited indirect Transfers) shall be, to the fullest extent permitted by applicable law, null and void *ab initio,* and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Agreement shall not become a Member and shall not have any other rights in or with respect to any rights of a Member of the Company with respect to the applicable Units. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Schedule of Members to reflect any Permitted Transfer pursuant to this Article X.

(b) Notwithstanding anything contained herein to the contrary (including, for the avoidance of doubt, the provisions of Section 10.01 and Article XI and Article XII), in no event shall any Member Transfer any Units to the extent such Transfer would:

(i) result in the violation of the Securities Act, or any other applicable federal, state or foreign Laws;

(ii) cause an assignment under the Investment Company Act;

(iii) in the reasonable determination of the Manager, be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any obligation under any Credit Agreement to which the Company or the Manager is a party; *provided* that the payee or creditor to whom the Company or the Manager owes such obligation is not an Affiliate of the Company or the Manager;

(iv) be a Transfer to a Person who is not legally competent or who has not achieved his or her majority of age under applicable Law (excluding trusts for the benefit of minors);

(v) reasonably be expected to create a material risk that the Company could be treated as a "publicly traded partnership" or could be taxed as a corporation pursuant to Section 7704 of the Code or any successor provision thereto under the Code (as determined in the sole discretion of the Manager); or

(vi) reasonably be expected to create a material risk that the Company would have more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations Section 1.7704-1(h)(3)) (as determined in the sole discretion of the Manager); provided, for the avoidance of doubt, that in determining whether a Transfer creates a material risk that the Company would have more than one hundred (100) partners, the Manager may assume in its sole discretion the admission of any number of future additional Members.

(c) Notwithstanding anything contained herein to the contrary, in no event shall any Member that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code Transfer any Units, unless such Member and the transferee have delivered to the Company, in respect of the relevant Transfer, written evidence that all required withholding under Section 1446(f) of the Code will have been done and duly remitted to the applicable taxing authority or duly executed certifications (prepared in accordance with the applicable Treasury Regulations or other authorities) of an exemption from such withholding.

(d) Without limiting any of the foregoing, and notwithstanding any other provision of this Agreement to the contrary, no Member shall Transfer any Units during the 2021 taxable year of the Company unless such Transfer either (x) qualifies as a "block transfer" under Treasury Regulations Section 1.7704-1(e)(2), or (y) is disregarded pursuant to Treasury Regulations Sections 1.7704-1(e)(1)(ii).

(e) For the avoidance of doubt, in the event that a Member (or such Member's estate) attempts to Transfer any Units in connection with the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of such Member, such Transfer shall, to the extent it is in violation of this Agreement (unless otherwise waived by the Manager), be void *ab initio* and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers, such that such Member (or such Member's estate) remains the owner of the applicable Units.

(f) In the event that, notwithstanding this Section 10.07 or any other provision in this Agreement, a Transfer is required pursuant to applicable Law, immediately prior to such Transfer, the Units subject to such Transfer shall be redeemed in accordance with the provisions of Section 11.01 and Section 11.05, as applicable, such that in no event shall the transferee in respect of such Transfer become a Member of the Company at any time.

Section 10.08 RESERVED.

Section 10.09 RESERVED.

Section 10.10 RESERVED.

ARTICLE XI
RESERVED

ARTICLE XII
ADMISSION OF MEMBERS

Section 12.01 Substituted Members. Subject to the provisions of Article X hereof, in connection with the Permitted Transfer of a Unit hereunder, the Permitted Transferee shall become a Substituted Member on the effective date of such Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company, including the Schedule of Members.

Section 12.02 Additional Members. Subject to the provisions of Article X hereof, any Person that is not a Member as of the Effective Date may be admitted to the Company as an additional Member (any such Person, an *"**Additional Member**"*) only upon furnishing to the Manager (a) duly executed Joinder and counterparts to any applicable Other Agreements and (b) such other documents or instruments as may be reasonably necessary or appropriate to effect such Person's admission as a Member (including entering into such documents as may reasonably be requested by the Manager). Such admission shall become effective on the date on which the Manager determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company, including the Schedule of Members.

ARTICLE XIII
WITHDRAWAL AND RESIGNATION; TERMINATION OF RIGHTS

Section 13.01 Withdrawal and Resignation of Members. Except in the event of Transfers pursuant to Section 10.06 and the Manager's right to resign pursuant to Section 6.03, no Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to Article XIV. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of the Company pursuant to Article XIV, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to Article XIV, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Section 10.06, such Member shall cease to be a Member.

ARTICLE XIV
DISSOLUTION AND LIQUIDATION

Section 14.01 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members or the attempted withdrawal, removal, dissolution, bankruptcy or resignation of a Member. The Company shall dissolve, and its affairs shall be wound up, upon:

(a) the decision of the Manager together with the written approval of the Members holding a majority of the Common Units to dissolve the Company (excluding for purposes of such calculation the Corporation and all Common Units held directly or indirectly by it);

(b) a dissolution of the Company under Section 18-801(4) of the Delaware Act, unless the Company is continued without dissolution pursuant thereto;

(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act; or

(d) the termination of the legal existence of the last remaining Member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining Member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act.

Except as otherwise set forth in this Article XIV, the Company is intended to have perpetual existence. An Event of Withdrawal shall not in and of itself cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

Section 14.02 Winding up. Subject to Section 14.05, on dissolution of the Company, the Manager shall act as liquidating trustee or may appoint one or more Persons as liquidating trustee (each such Person, a *"**Liquidator**"*). The Liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as an expense of the Company. Until final distribution, the Liquidators shall, to the fullest extent permitted by applicable Law, continue to operate the properties of the Company with all of the power and authority of the Manager. The steps to be accomplished by the Liquidators are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the Liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the Liquidators shall pay, satisfy or discharge from the Company's funds, or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash fund for contingent, conditional and unmatured liabilities in such amount and for such term as the liquidators may reasonably determine) the following: first, all of the debts, liabilities and obligations of the Company owed to creditors other than the Members in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof), including all expenses incurred in connection with the liquidations; and second, all of the debts, liabilities and obligations of the Company owed to the Members (other than any payments or distributions owed to such Members in their capacity as Members pursuant to this Agreement); and

(c) following any payments pursuant to the foregoing Section 14.02(b), all remaining assets of the Company shall be distributed to the Members in accordance with Section 4.01(a) by the end of the Taxable Year during which the liquidation of the Company occurs (or, if later, by ninety (90) days after the date of the liquidation).

The distribution of cash and/or property to the Members in accordance with the provisions of this Section 14.02 and Section 14.03 below shall constitute a complete return to the Members of their Capital Contributions, a complete distribution to the Members of their interest in the Company and all of the Company's property and shall constitute a compromise to which all Members have consented within the meaning of the Delaware Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 14.03 Deferment; Distribution in Kind. Notwithstanding the provisions of Section 14.02, but subject to the order of priorities set forth therein, if upon dissolution of the Company the Liquidators determine that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss (or would otherwise not be beneficial) to the Members, the Liquidators may, in their sole discretion and the fullest extent permitted by applicable Law, defer for a reasonable time the liquidation of any assets except those necessary to satisfy the Company's liabilities (other than loans to the Company by any Member(s)) and reserves. Subject to the order of priorities set forth in Section 14.02, the Liquidators may, in their sole discretion, distribute to the Members, in lieu of cash, either (a) all or any portion of such remaining assets in-kind of the Company in accordance with the provisions of Section 14.02(c), (b) as tenants in common and in accordance with the provisions of Section 14.02(c), undivided interests in all or any portion of such assets of the Company or (c) a combination of the foregoing. Any such Distributions in-kind shall be subject to (y) such conditions relating to the disposition and management of such assets as the Liquidators deem reasonable and equitable and (z) the terms and conditions of any agreements governing such assets (or the operation thereof or the holders thereof) at such time. Any assets of the Company distributed in kind will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Article V. The Liquidators shall determine the Fair Market Value of any property distributed.

Section 14.04 Cancellation of Certificate. On completion of the winding up of the Company as provided herein, the Manager (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation of the Certificate with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that should be canceled and take such other actions as may be necessary to terminate the existence of the Company. The Company shall continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 14.04.

Section 14.05 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 14.02 and 14.03 in order to minimize any losses otherwise attendant upon such winding up.

Section 14.06 Return of Capital. The Liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from assets of the Company).

## ARTICLE XV
## GENERAL PROVISIONS

Section 15.01 Power of Attorney.

(a) Each Member hereby constitutes and appoints the Manager (or the Liquidator, if applicable) with full power of substitution, as his or her true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) this Agreement, all certificates and other instruments and all amendments thereof which the Manager deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (B) all instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (C) all conveyances and other instruments or documents which the Manager deems appropriate or necessary to reflect the dissolution, winding up and termination of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; (D) all instruments relating to the admission, substitution or resignation of any Member pursuant to Article XII or Article XIII; and (E) the limited liability company agreement for New RSG Holdings and other instruments in connection with the formation and initial capitalization thereof as contemplated by Section 15.18 of this Agreement; and

(ii) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of the Manager, to evidence, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Members hereunder or is consistent with the terms of this Agreement, in the reasonable judgment of the Manager, to effectuate the terms of this Agreement.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the transfer of all or any portion of his, her or its Units and shall extend to such Member's heirs, successors, assigns and personal representatives.

Section 15.02 Confidentiality.

Each of the Members (other than the Corporation) agrees that, without limiting the applicability of any other agreement to which any Member may be subject, no Member shall directly or indirectly disclose or use (other than solely for the purpose of such Member monitoring and analyzing such Member's investment made herein) at any time, including without limitation

use for commercial or proprietary advantage or profit, either during his, her or its association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft. *"**Confidential Information**"* as used herein includes all nonpublic information concerning the Company or its Subsidiaries including, but not limited to, ideas, business strategies, innovations and materials, all aspects of the Company's business plan, proposed operation and products, operating practices and methods, corporate structure, financial and organizational information, analyses, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, designs, employees and their identities, equity ownership, the methods and means by which the Company plans to conduct its business, all trade secrets, trademarks, tradenames and all intellectual property associated with the Company's business. With respect to each Member, Confidential Information does not include information or material that:

(a) (i) is rightfully in the possession of such Member at the time of disclosure by the Company; (ii) before or after it has been disclosed to such Member by the Company, becomes part of public knowledge, not as a result of any action or inaction of such Member in violation of this Agreement; or (iii) is approved for release by written authorization of the Corporate Board or the Manager, or any other officer designated by the Manager.

(b) Notwithstanding the foregoing, a Member may disclose Confidential Information to the extent (i) the disclosure is necessary for the Member and/or the Company's employees, agents, representatives and advisors to fulfill their duties to the Company pursuant to this Agreement and/or other written agreements or (ii) the disclosure is required by Law, court order, subpoena or legal process or to comply with the requirements of a state or federal regulatory authority.

(c) Upon expiration or other termination of a Member's interest in the Company, that Member may not take any of the Confidential Information, and that Member shall promptly return to the Company all Confidential Information in that Member's possession or control.

Section 15.03 Amendments. Except as otherwise contemplated by this Agreement, this Agreement may be amended or modified upon the written consent of the Manager, together with the written consent of the holders of a majority of the Common Units then outstanding (excluding all Common Units held directly or indirectly by the Corporation). Notwithstanding the foregoing, no amendment or modification:

(a) to this Section 15.03 may be made without the prior written consent of the Manager and the holders of a majority of the Units;

(b) to any of the terms and conditions of this Agreement which terms and conditions expressly require the approval or action of certain Persons may be made without obtaining the consent of the requisite number or specified percentage of such Persons who are entitled to approve or take action on such matter; and

(c) to any of the terms and conditions of this Agreement which would (A) reduce the amounts distributable to a Member pursuant to Articles IV and XIV in a manner that is not *pro rata* with respect to all Members, (B) increase the liabilities of such Member hereunder, (C) otherwise materially and adversely affect a holder of Units (with respect to such Units) in a manner materially disproportionate to any other holder of Units of the same class or series (with respect to such Units) (other than amendments, modifications and waivers necessary to implement the provisions of Article XII) or (D) materially and adversely affect the rights of any Member under Section 3.04, Section 3.05, Section 7.01, Section 7.04, Article X or Article XI, shall be effective against such affected Member or holder of Units, as the case may be, without the prior written consent of the holders a majority of such affected Units, as the case may be.

Notwithstanding any of the foregoing, the Manager may make any amendment (i) of an administrative nature that is necessary in order to implement the substantive provisions hereof, without the consent of any other Member; *provided*, that any such amendment does not adversely change the rights of the Members hereunder in any respect, or (ii) to reflect any changes to the Class A Common Stock or Class B Common Stock or the issuance of any other capital stock of the Corporation; *provided*, that in each case of the foregoing clauses and notwithstanding anything herein to the contrary, so long as the Tax Receivable Agreement remains outstanding and in effect, no amendment or modification may be made to this Agreement that is adverse to the TRA Holders without the prior written consent of a majority of the TRA Holder Representative (as defined in the Tax Receivable Agreement).

Section 15.04 Title to Company Assets. Company assets shall be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such assets of the Company or any portion thereof. The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. All assets of the Company shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such assets is held. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 15.05 Addresses and Notices. All notices and other communications to be given to any party hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service, or when received in the form of an electronic transmission (receipt confirmation requested), and shall be directed to the address set forth, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the Company or the sending party.

To the Company:

Ryan Specialty Group, LLC
Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn: Mark Katz

Executive Vice President,
General Counsel and Secretary
Email: mark.katz@ryansg.com

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Corporation:

Ryan Specialty Group Holdings, Inc.
Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn: Mark Katz
Executive Vice President,
General Counsel and Secretary
Email: mark.katz@ryansg.com

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Members, as set forth on the Schedule of Members.

Section 15.06 Binding Effect; Intended Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.07 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Profits, Losses, Distributions, capital or property of the Company other than as a secured creditor.

Section 15.08 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.09 Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 15.10 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any suit, dispute, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be heard in the state or federal courts of the State of Delaware, and the parties hereby consent to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT) AND SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF DELAWARE. WITHOUT LIMITING THE FOREGOING, TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES AGREE THAT SERVICE OF PROCESS UPON SUCH PARTY AT THE ADDRESS REFERRED TO IN SECTION 15.05 (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT), TOGETHER WITH WRITTEN NOTICE OF SUCH SERVICE TO SUCH PARTY, SHALL BE DEEMED EFFECTIVE SERVICE OF PROCESS UPON SUCH PARTY.

Section 15.11 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 15.12 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.13 Execution and Delivery by Electronic Signature and Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby or entered into by the Company in accordance herewith, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic signature and/or electronic transmission, including by a facsimile machine or via

email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic signature or electronic transmission to execute and/or deliver a document or the fact that any signature or agreement or instrument was transmitted or communicated through such electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 15.14 Right of Offset. Whenever the Company or the Corporation is to pay any sum (other than pursuant to Article IV) to any Member, any amounts that such Member owes to the Company or the Corporation which are not the subject of a good faith dispute may be deducted from that sum before payment. For the avoidance of doubt, the distribution of Units to the Corporation shall not be subject to this Section 15.14.

Section 15.15 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Registration Rights Agreement and the Tax Receivable Agreement), any indemnity agreements entered into in connection with the Previous LLC Agreement with any member of the board of directors at that time and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, the Previous LLC Agreement is superseded by this Agreement as of the Effective Date and shall be of no further force and effect thereafter.

Section 15.16 Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any Law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by Law.

Section 15.17 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words “or,” “either” and

“any” shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Seventh Amended and Restated Limited Liability Company Agreement as of the date first written above.

**MANAGER:**

**RYAN SPECIALTY GROUP HOLDINGS, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**UNITHOLDERS:**

**ONEX RSG HOLDINGS I INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**NEW RSG HOLDINGS, LLC**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**NEW RSG HOLDINGS, LLC**

**AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

Dated as of September 30, 2021

THE LIMITED LIABILITY COMPANY INTERESTS REPRESENTED BY THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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**NEW RSG HOLDINGS, LLC**

**AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this *"**Agreement**")* of New RSG Holdings, LLC, a Delaware limited liability company (the *"**Company**"),* dated as of September 30, 2021 (the *"**Effective Date**"),* is entered into by and among the Company, Ryan Specialty Group Holdings, Inc., a Delaware corporation (the *"**Corporation**"),* as the managing member of the Company, and each of the other Members (as defined herein).

**RECITALS**

WHEREAS, unless the context otherwise requires, capitalized terms used herein have the respective meaning ascribed to them in Article I.

WHEREAS, the Company was formed as a limited liability company pursuant to and in accordance with the Delaware Act by the filing of the Certificate with the Secretary of State of the State of Delaware pursuant to Section 18-201 of the Delaware Act on April 20, 2021.

WHEREAS, prior to the Effective Date, the Company was governed by that certain Limited Liability Company Agreement of the Company, effective as of April 20, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, together with all schedules, exhibits and annexes thereto, the *"**Previous LLC Agreement**"*), with the Corporation serving as its Manager and sole member (the Corporation in its role as a member prior to the Effective Time being referred to as the *"**Existing Member**"*).

WHEREAS, in connection with the IPO, some members of Ryan Specialty Group, LLC ("RSG LLC") have transferred their ownership interests in RSG LLC to the Corporation or one of the Corporation's applicable Subsidiaries and other members retained their RSG LLC ownership interests and remained as members of RSG LLC.

WHEREAS, the Corporation completed the IPO through an "Up-C" structure on July 26, 2021.

WHEREAS, the remaining members of RSG LLC have agreed to contribute certain of their RSG LLC units to the Company for the purpose of making the Company a holding company for RSG LLC interests; and

WHEREAS, in connection with the foregoing matters, the Company and the Members desire to continue the Company without dissolution and amend and restate the Previous LLC Agreement in its entirety as of the Effective Date to reflect, among other things, the rights and obligations of the Members, the Company, the Manager and the Corporation, in each case, as provided and agreed upon in the terms of this Agreement as of the Effective Date, at which time the Previous LLC Agreement shall be superseded entirely by this Agreement and shall be of no further force or effect.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Previous LLC Agreement is hereby amended and restated in its entirety and the Company, the Corporation and the other Members, each intending to be legally bound, each hereby agrees as follows:

## ARTICLE I
## DEFINITIONS

The following definitions shall be applied to the terms used in this Agreement for all purposes, unless otherwise clearly indicated to the contrary.

*"**Additional Member**"* has the meaning set forth in Section 12.02.

*"**Adjusted Capital Account Deficit**"* means, with respect to the Capital Account of any Member as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Member's Capital Account balance shall be:

(a) reduced for any items described in Treasury Regulation Section 1.704- 1(b)(2)(ii)(d)(4), (5), and (6); and

(b) increased for any amount such Member is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(l) and 1.704-2(i) (relating to minimum gain).

*"**Admission Date**"* has the meaning set forth in Section 10.06.

*"**Affiliate**"* (and, with a correlative meaning, *"**Affiliated**")* means, with respect to a specified Person, each other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or by contract or other agreement).

*"**Agreement**"* has the meaning set forth in the Preamble.

*"**Assignee**"* means a Person to whom a Unit has been transferred but who has not become a Member pursuant to Article XII.

*"**Assumed Tax Liability**"* means, with respect to any Member, an amount equal to the excess of (i) the product of (A) the Distribution Tax Rate *multiplied by* (B) the estimated or actual cumulative taxable income or gain of the Company, as determined for federal income tax purposes, allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, *less* prior losses of the Company allocated to such Member (or its predecessor) for full or partial Fiscal Years commencing on or after January 1, 2021, in each case, as determined by the Manager and to the extent such prior losses are available to reduce such

income *over* (ii) the cumulative Tax Distributions made to such Member after the closing date of the IPO pursuant to Sections 4.01(b)(i), 4.01(b)(ii) and 4.01(b)(iii) and, if applicable with respect to such Fiscal Year, pursuant to Section 4.1(a) of the Previous LLC Agreement; *provided* that, in the case of the Corporation, such Assumed Tax Liability (x) shall be computed without regard to any increases to the tax basis of the Company's property pursuant to Sections 734(b) or 743(b) of the Code and (y) to the extent permitted under the Credit Agreements and applicable Law, shall in no event be less than an amount that will enable the Corporation to meet both its tax obligations and its obligations pursuant to the Tax Receivable Agreement for the relevant Taxable Year; *provided further* that, in the case of each Member, and for the avoidance of doubt, such Assumed Tax Liability shall take into account any Code Section 704(c) allocations (including "reverse" 704(c) allocations) to the Member.

"***Award Agreement***" means one or more agreements, notices or other governing documents (including adjustment agreements or notices, subscription agreements, Equity Plans and investment plans) between a Service Provider Member and/or any of his, her or its Affiliates, as applicable, on the one hand, and the Company, on the other hand (in each case, as amended from time to time), governing the issuance or other terms of any Units (or any interests which were converted into or exchanged for such Units).

*"**Base Rate**"* means a per annum rate of the lesser of (i) 6.5% and (ii) LIBOR plus 100 basis points.

*"**Black-Out Period**"* means any "black-out" or similar period under the Corporation's policies covering trading in the Corporation's securities to which the applicable Redeeming Member is subject (or will be subject at such time as it owns Class A Common Stock), which period restricts the ability of such Redeeming Member to immediately resell shares of Class A Common Stock to be delivered to such Redeeming Member in connection with a Share Settlement. For the avoidance of doubt, such policies shall not impose restrictions on trading by passive institutional investors.

"***Beneficial Owner***" means, with respect to any security, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security; and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The term "***Beneficial Ownership***" shall have a correlative meaning.

*"**Book Value**"* means, with respect to any property of the Company, the Company's adjusted basis for U.S. federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g).

*"**Business Day**"* means any day other than a Saturday, Sunday or day on which banks located in New York City, New York are authorized or required by Law to close.

*"**Capital Account**"* means the capital account maintained for a Member in accordance with Section 5.01.

*"**Capital Contribution**"* means, with respect to any Member, the amount of any cash, cash equivalents, promissory obligations or the Fair Market Value of other property that such Member

(or such Member's predecessor) contributes (or is deemed to contribute) to the Company pursuant to Article III hereof.

*"**Cash Settlement"*** means immediately available funds in U.S. dollars which are proceeds received pursuant to a Secondary Offering in an amount equal to the Redeemed Units Equivalent; *provided*, that such proceeds shall be net of any Discount; *provided further*, that the Corporation's Capital Account shall be increased by an amount equal to any such Discounts relating to such sale of shares of Class A Common Stock in accordance with Section 6.06.

*"**Cause**"* means, with respect to the termination of a Member's employment or consultancy with the Company or any of its Affiliates, the following: (i) any act or omission which constitutes a breach by such Member of the terms of his or her employment agreement or consulting agreement that adversely impacts the business or reputation of the Company or any of its Affiliates, (ii) such Member's conviction of a felony or commission of any act that would rise to the level of a felony, (iii) such Member's conviction or commission of a lesser crime or offense that adversely impacts or potentially could impact upon the business or reputation of the Company or any of its Affiliates in a material way, (iv) such Member fails to meet the expected standard of performance as communicated by such Member's supervisor, including, without limitation, with respect to obtaining and maintaining proper licensure for the conduct of such Member's business, (v) such Member's violation of specific lawful directives of the Company or any Affiliate that employs or engages such Member, (vi) such Member's commission of a dishonest or wrongful act involving fraud, misrepresentation, or moral turpitude causing damage or potential damage to the Company or any of its Affiliates, (vii) such Member's failure to perform a substantial part of such Member's duties, or (viii) such Member's breach of fiduciary duty. With respect to the termination of a Member's directorship with the Company or any of its Affiliates, "Cause" means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law. In other respects, "Cause" means clauses (ii), (iii) or (vi) set forth in this paragraph above.

*"**Certificate**"* means the Company's Certificate of Formation as filed with the Secretary of State of the State of Delaware, as amended or amended and restated from time to time.

*"**Change of Control**"* means the occurrence of any of the following events:

(1) any Person or any "group" of Persons acting together that would constitute a "group" for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended or any successor provisions thereto (excluding (a) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation or (b) a group of Persons in which one or more members of the Founder Group or any of their Affiliates, directly or indirectly hold Beneficial Ownership of securities representing more than 50% of the total voting power held by such group) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporation representing more than 50% of the combined voting power of the Corporation's then outstanding voting securities; or

(2) the following individuals cease for any reason to constitute a majority of the number of directors of the Corporation then serving: individuals who, on date of the IPO, constitute the Board and any new director whose appointment or election by the Board or

nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of the IPO or whose appointment, election or nomination for election was previously so approved or recommended by the directors referred to in this clause (2); or

(3) there is consummated a merger or consolidation of the Corporation with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (x) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (y) the voting securities of the Corporation immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(4) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation or there is consummated an agreement or series of related agreements for the sale, lease or other disposition, directly or indirectly, by the Corporation of all or substantially all of the Corporation's assets, other than such sale or other disposition by the Corporation of all or substantially all of the Corporation's assets to an entity at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Corporation in substantially the same proportions as their ownership of the Corporation immediately prior to such sale or other disposition.

Notwithstanding the foregoing, except with respect to clause (2) and clause (3)(x) above, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporation immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and voting control over, and own substantially all of the shares of, an entity which owns, directly or indirectly, all or substantially all of the assets of the Corporation immediately following such transaction or series of transactions.

*"**Change of Control Date**"* has the meaning set forth in Section 10.09(a).

*"**Change of Control Transaction**"* means any Change of Control that was approved by the Corporate Board prior to such Change of Control.

*"**Class A Common Stock**"* means, as applicable, (a) the shares of Class A common stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger, reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class A common stock, $0.001 par value per share, of the Corporation or into which the Class A common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*"**Class B Common Stock**"* means, as applicable, (a) the shares of Class B Common Stock, par value $0.001 per share, of the Corporation or (b) following any consolidation, merger, reclassification or other similar event involving the Corporation, any shares or other securities of the Corporation or any other Person or cash or other property that become payable in consideration for the Class B common stock, $0.001 par value per share, of the Corporation or into which the Class B common stock, $0.001 par value per share, of the Corporation is exchanged or converted as a result of such consolidation, merger, reclassification or other similar event.

*"**Class C Common Incentive Unit**"* means a Unit designated as a "Class C Common Incentive Unit" and having the rights and obligations specified with respect to the Class C Common Incentive Units in this Agreement.

*"**Class C Common Incentive Unitholder**"* means a Member who is the registered holder of Class C Common Incentive Units.

*"**Class C Common Incentive Unit Return Threshold**"* has the meaning set forth in Section 3.02(d).

*"**Code**"* means the United States Internal Revenue Code of 1986, as amended. Unless the context requires otherwise, any reference herein to a specific section of the Code shall be deemed to include any corresponding provisions of future Law as in effect for the relevant taxable period.

*"**Common Unit**"* means a Unit designated as a "Common Unit" and having the rights and obligations specified with respect to the Common Units in this Agreement.

*"**Common Unit Redemption Price**"* means, with respect to any Redemption, the arithmetic average of the volume weighted average prices for a share of Class A Common Stock on the Stock Exchange, or any other exchange or automated or electronic quotation system on which the Class A Common Stock trades, as reported by Bloomberg, L.P., or its successor, for each of the twenty (20) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the applicable Redemption Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Class A Common Stock. If the Class A Common Stock no longer trades on the Stock Exchange or any other securities exchange or automated or electronic quotation system as of any particular Redemption Date, then the Manager (through a majority of its directors who are disinterested) shall determine the Common Unit Redemption Price in good faith.

*"**Common Unitholder**"* means a Member who is the registered holder of Common Units.

*"**Company**"* has the meaning set forth in the preamble to this Agreement.

*"**Confidential Information**"* has the meaning set forth in Section 15.02(a).

***"Contribution Agreement"*** means the agreements pursuant to which the members of RSG LLC are contributing their ownership interests in RSG LLC to the Company in exchange for Common Units and/or Class C Common Incentive Units of the Company.

*"**Corporate Board**"* means the board of directors of the Corporation.

*"**Corporate Incentive Award Plan**"* means the 2021 Omnibus Incentive Plan of the Corporation, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

*"**Corporation**"* has the meaning set forth in the recitals to this Agreement, together with its successors and assigns.

*"**Corresponding Rights**"* means any rights issued with respect to a share of Class A Common Stock or Class B Common Stock pursuant to a "poison pill" or similar stockholder rights plan approved by the Corporate Board.

*"**Credit Agreements**"* means any promissory note, mortgage, loan agreement, indenture or similar instrument or agreement to which the Company or any of its Subsidiaries is or becomes a borrower, as such instruments or agreements may be amended, restated, supplemented or otherwise modified from time to time and including any one or more refinancing or replacements thereof, in whole or in part, with any other debt facility or debt obligation, for as long as the payee or creditor to whom the Company or any of its Subsidiaries owes such obligation is not an Affiliate of the Company.

*"**Delaware Act**"* means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.,* as it may be amended from time to time, and any successor thereto.

*"**Direct Exchange**"* has the meaning set forth in Section 11.03(a).

*"**Discount**"* has the meaning set forth in Section 6.06.

*"**Distributable Cash**"* means, as of any relevant date on which a determination is being made by the Manager regarding a potential distribution pursuant to Section 4.01(a), the amount of cash that could be distributed by the Company for such purposes in accordance with the Credit Agreements (and without otherwise violating any applicable provisions of any of the Credit Agreements).

*"**Distribution**"* (and, with a correlative meaning, *"**Distribute**")* means each distribution made by the Company to a Member with respect to such Member's Units, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; *provided, however,* that any recapitalization that does not result in the distribution of cash or property to Members or any exchange of securities of the Company, and any subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units shall not be a Distribution.

*"**Distribution Tax Rate**"* means a rate reasonably determined by the Manager, which rate shall be no greater than to the highest effective marginal combined federal, state and local income tax rate for a Fiscal Year applicable to corporate or individual taxpayers (whichever is higher) that may potentially apply to any Member (or, except in the case of the Corporation, its applicable direct or indirect beneficial owners) for such Fiscal Year, taking into account the character of the relevant tax items (*e.g.,* ordinary or capital) and the deductibility of state and local income taxes for federal income tax purposes (but only to the extent such taxes are deductible under the Code).

*"**Effective Date**"* has the meaning set forth in the Preamble.

*"**Election Notice**"* has the meaning set forth in Section 11.01(b).

*"**Equity Plan**"* means any stock or equity purchase plan, restricted stock or equity plan, stock option plan, or other similar equity compensation plan now or hereafter adopted by the Company or the Corporation, including the Corporate Incentive Award Plan.

*"**Equity Securities**"* means (a) Units or other equity interests in the Company or any Subsidiary of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company or any Subsidiary of the Company), (b) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or any Subsidiary of the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company or any Subsidiary of the Company.

*"**Event of Withdrawal**"* means the bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company.

*"**Exchange Act**"* means the U.S. Securities Exchange Act of 1934, as amended, and any applicable rules and regulations promulgated thereunder, and any successor to such statute, rules or regulations.

*"**Exchange Election Notice**"* has the meaning set forth in Section 11.03(b).

*"**Existing Member**"* has the meaning set forth in the recitals to this Agreement.

*"**Fair Market Value**"* of a specific asset of the Company will mean the amount which the Company would receive in an all-cash sale of such asset in an arms-length transaction with a willing unaffiliated third party, with neither party having any compulsion to buy or sell, consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale), as such amount is determined by the Manager (or, if pursuant to Section 14.02, the Liquidators) in its good faith judgment using all factors, information and data it deems to be pertinent.

*"**Family Group**"* means (i) in the case of a Member or LLC Employee who is an individual, such individual's spouse, parents and descendants (whether natural or adopted) and any trust or estate planning vehicle or entity solely for the benefit of such individual and/or the individual's spouse, parents, descendants and/or other relatives, and (ii) in the case of a Member or LLC Employee that is a trust, the beneficiary of such trust.

*"**Fiscal Period**"* means any interim accounting period within a Taxable Year established by the Manager and which is permitted or required by Section 706 of the Code.

*"**Fiscal Year**"* means the Company's annual accounting period established pursuant to Section 8.02.

"***Founder***" means Patrick G. Ryan.

"***Founder Group***" means Founder, members of the Founder's Family Group and Founder's Affiliates.

*"**Governmental Entity**"* means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including, but not limited to, any county, municipal or other local subdivision of the foregoing, or (d) any agency, arbitrator or arbitral body, authority, board, body, bureau, commission, court, department, entity, instrumentality, organization or tribunal exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b) or (c) of this definition.

*"**Indemnified Person**"* has the meaning set forth in Section 7.04(a).

*"**Investment Company Act**"* means the U.S. Investment Company Act of 1940, as amended from time to time.

*"**IPO**"* means the initial underwritten public offering of shares of the Corporation's Class A Common Stock.

*"**Joinder**"* means a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement.

*"**Law**"* means all laws, statutes, ordinances, rules and regulations of any Governmental Entity.

*"**Liquidator**"* has the meaning set forth in Section 14.02.

*"**LLC Employee**"* means an employee of, or other service provider (including, without limitation, any management member whether or not treated as an employee for the purposes of U.S. federal income tax) to the Company or any of its Subsidiaries, in each case acting in such capacity.

*"**Losses**"* means items of loss or deduction of the Company determined according to Section 5.01(b).

*"**Manager**"* has the meaning set forth in Section 6.01.

*"**Market Price**"* means, with respect to a share of Class A Common Stock as of a specified date, the last sale price per share of Class A Common Stock, regular way, or if no such sale took place on such day, the average of the closing bid and asked prices per share of Class A Common Stock, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the Stock Exchange or, if the Class A Common Stock is not listed or admitted to trading on the Stock Exchange, as reported on the

principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Class A Common Stock is listed or admitted to trading or, if the Class A Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if the Class A Common Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in shares of Class A Common Stock selected by the Corporate Board or, in the event that no trading price is available for the shares of Class A Common Stock, the fair market value of a share of Class A Common Stock, as determined in good faith by the Corporate Board.

*"**Member**"* means, as of any date of determination, (a) each of the members named on the Schedule of Members and (b) any Person admitted to the Company as a Substituted Member or Additional Member in accordance with Article XII but in each case only so long as such Person is shown on the Company's books and records as the owner of one or more Units, each in its capacity as a member of the Company.

*"**Member Nonrecourse Debt Minimum Gain**"* means an amount with respect to each "partner nonrecourse debt" (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

*"**Minimum Gain**"* means "partnership minimum gain" determined pursuant to Treasury Regulation Section 1.704-2(d).

*"**Net Loss**"* means, with respect to a Fiscal Year, the excess if any, of Losses for such Fiscal Year over Profits for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Sections 5.03 and Section 5.04).

*"**Net Profit**"* means, with respect to a Fiscal Year, the excess if any, of Profits for such Fiscal Year over Losses for such Fiscal Year (excluding Profits and Losses specially allocated pursuant to Sections 5.03 and Section 5.04).

**"*New Common Units"*** means, with respect to any Exchanged Class C Common Incentive Unit, a number of Common Units equal to the quotient of (a) the difference between the Common Unit Redemption Price on the date of the Exchange and the then unsatisfied Class C Common Incentive Unit Return Threshold applicable to such Exchanged Class C Common Incentive Unit divided by (b) the Common Unit Redemption Price; provided that if the number of New Common Units determined by the foregoing calculation is negative, it shall be deemed to be zero.

*"**Officer**"* has the meaning set forth in Section 6.01(b).

*"**Optionee**"* means a Person to whom a stock option is granted under any Equity Plan.

*"**Other Agreements**"* has the meaning set forth in Section 10.04.

*"**Partnership Representative**"* has the meaning set forth in Section 9.03.

*"**Percentage Interest**"* means (i) as among an individual class of Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units of such class by the total number of Units of all Members of such class at such time and (ii) as among all Units and with respect to a Member at a particular time, such Member's percentage interest in the Company determined by dividing the number of such Member's Units by the total number of Units of all Members at such time, determined as if all Class C Common Incentive Units were exchanged for New Common Units in accordance with the terms of this Agreement. The Percentage Interest of each Member shall be calculated to the fourth decimal place.

*"**Permitted Transfer**"* has the meaning set forth in Section 10.02.

*"**Permitted Transferee**"* has the meaning set forth in Section 10.02.

*"**Person**"* means an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

*"**Previous LLC Agreement**"* has the meaning set forth in the Recitals.

*"**Pro rata**" "**pro rata portion**" "**according to their interests**" "**ratably**" "**proportionately**" "**proportional**" "**in proportion to**" "**based on the number of Units held**" "**based upon the percentage of Units held**" "**based upon the number of Units outstanding**"* and other terms with similar meanings, when used in the context of a number of Units of the Company relative to other Units, means as amongst an individual class of Units, pro rata based upon the number of such Units within such class of Units.

*"**Profits**"* means items of income and gain of the Company determined according to Section 5.01(b).

*"**Profits Interest**"* means an interest in the Company that is intended to be classified as a profits interest within the meaning of Internal Revenue Service Revenue Procedure 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the Internal Revenue Service or other Law) for U.S. federal income tax purposes, including the Class C Common Incentive Units.

*"**Pubco Offer**"* has the meaning set forth in Section 10.09(b).

*"**Quarterly Tax Distribution**"* has the meaning set forth in Section 4.01(b)(i).

*"**Redeemed Units**"* has the meaning set forth in Section 11.01(a).

*"**Redeemed Units Equivalent**"* means the product of (a) the applicable number of Redeemed Units, *multiplied by* (b) the Common Unit Redemption Price.

*"**Redeeming Member**"* has the meaning set forth in Section 11.01(a).

*"**Redemption**"* has the meaning set forth in Section 11.01(a).

*"**Redemption Date**"* has the meaning set forth in Section 11.01(a).

*"**Redemption Notice**"* has the meaning set forth in Section 11.01(a).

*"**Redemption Right**"* has the meaning set forth in Section 11.01(a).

*"**Registration Rights Agreement**"* means that certain Registration Rights Agreement, dated as of the Effective Date, by and among the Corporation, certain of the Members as of the Effective Date and certain other Persons whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

"***Relationship Event***" means (a) the termination of a Member's consultancy, directorship or employment with the Company or any Affiliate of the Company for Cause, (b) a breach (as determined by the Manager in its sole discretion) by a Member in any material respect of the provisions of any non-competition, non-solicitation, confidentiality or other similar covenant made by such Member in favor of the Company or any of its Affiliates or (c) the Company discovers grounds constituting Cause exist or previously existed at any time with respect to a Member.

*"**Retraction Notice**"* has the meaning set forth in Section 11.01(c).

*"**Revised Partnership Audit Provisions**"* means Code Sections 6221 through 6241, together with any guidance issued thereunder or successor provisions and any similar provision of state, provincial or local laws.

*"**Schedule of Members**"* has the meaning set forth in Section 3.01(b).

*"**SEC**"* means the U.S. Securities and Exchange Commission, including any governmental body or agency succeeding to the functions thereof.

*"**Secondary Offering**"* means a follow-on or secondary public offering of shares of Class A Common Stock by the Corporation following the IPO.

*"**Securities Act**"* means the U.S. Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future Law.

"***Sell-Down Event***" means any Redemption or Transfer of Units by a Member which causes the total number of Units held by such Member to fall below 20% of the total number of Units held by such Member immediately following the IPO (and the redemption transactions being undertaken in connection with the IPO).

"***Service Provider Member***" means any Member that holds Units that were issued in connection with the performance of services as an employee or other service provider to Corporation, the Company or any of their respective Subsidiaries (including, for the avoidance of

doubt, Common Units that were purchased pursuant to the terms of an Award Agreement with an employee or other service provider), whether or not such Member continues to provide services on or after the date hereof.

*"**Share Settlement**"* means a number of shares of Class A Common Stock (together with any Corresponding Rights) equal to the number of Redeemed Units.

*"**Stock Exchange**"* means the New York Stock Exchange.

*"**Subsidiary**"* means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof; provided that unless otherwise determined by the Manager in writing in its sole good faith discretion, RSG LLC shall in all cases be deemed to be a Subsidiary of the Company for purposes hereof. For purposes hereof, references to a "Subsidiary" of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

*"**Subsidiary Mirror Incentive Unit**"* has the meaning set forth in Section 15.18.

*"**Subsidiary Mirror Unit**"* has the meaning set forth in Section 15.18.

*"**Substituted Member**"* means a Person that is admitted as a Member to the Company pursuant to Section 12.01.

*"**Tax Distributions**"* has the meaning set forth in Section 4.01(b)(i).

*"**Tax Receivable Agreement**"* means that certain Tax Receivable Agreement, dated as the date of the Effective Date, by and among the Corporation and the Company, on the one hand, and each of the other Members whose signatures are affixed thereto (together with any joinder thereto from time to time by any successor or assign to any party to such agreement), as the TRA Holders (as such term is defined in the Tax Receivable Agreement), on the other hand (together with any joinder thereto from time to time by any successor or assign to any party to such agreement) (as it may be amended from time to time in accordance with its terms).

*"**Taxable Year**"* means the Company's accounting period for U.S. federal income tax purposes determined pursuant to Section 9.02.

*"**Trading Day**"* means a day on which the Stock Exchange or such other principal United States securities exchange on which the Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day).

*"**Transfer**"* (and, with a correlative meaning, *"**Transferring**"*) means any sale, transfer, assignment, redemption, pledge, encumbrance or other disposition of (whether directly or indirectly, whether with or without consideration and whether voluntarily or involuntarily or by operation of Law) (a) any interest (legal or beneficial) in any Equity Securities or (b) any direct or indirect equity or other interest (legal or beneficial) in any Member if substantially all of the value of such equity or other interest is attributable (directly or indirectly) to the Units.

*"**Treasury Regulations**"* means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code, as promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

"***Triggering Event***" means a Sell-Down Event or a Relationship Event.

*"**Unit**"* means the fractional interest of a Member in Profits, Losses and Distributions of the Company represented by Common Units, Class C Common Incentive Units and any other class, series or type of interests of the Company, and otherwise having the rights and obligations specified with respect to "Units" in this Agreement; *provided, however,* that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement applicable to such class or group of Units.

"***Unvested Class C Common Incentive Units***" means Class C Common Incentive Units that are not Vested Class C Common Incentive Units.

***"Unvested Common Units"*** means Common Units that are not Vested Common Units.

*"**Unvested Corporate Shares**"* means shares of Class A Common Stock issuable pursuant to awards of any type granted under the Corporate Incentive Award Plan that are not Vested Corporate Shares.

*"**Value**"* means (a) for any stock option, the Market Price for the Trading Day immediately preceding the date of exercise of a stock option and (b) for any award other than a stock option, the Market Price for the Trading Day immediately preceding the Vesting Date.

"***Vested Class C Common Incentive Units***" means the Class C Common Incentive Units that are vested pursuant to the terms thereof or any Award Agreement relating thereto.

***"Vested Common Units"*** means the Common Units that are vested pursuant to the terms of any Award Agreement relating thereto.

*"**Vested Corporate Shares**"* means the shares of Class A Common Stock issued pursuant to awards of any type granted under the Corporate Incentive Award Plan that are vested pursuant to the terms thereof or any Award Agreement relating thereto.

*"**Vesting Date**"* has the meaning set forth in Section 3.10(c)(ii).

ARTICLE II
ORGANIZATIONAL MATTERS

Section 2.01 Formation of Company. The Company was formed on April 20, 2021 pursuant to the provisions of the Delaware Act. The filing of the Certificate of Formation of the Company, and the Certificate of Amendment, with the Secretary of State of the State of Delaware are hereby ratified and confirmed in all respects.

Section 2.02 Amended and Restated Limited Liability Company Agreement. The Members hereby execute this Agreement for the purpose of amending, restating and superseding the Previous LLC Agreement in its entirety and otherwise establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act. The Members hereby agree that during the term of the Company set forth in Section 2.06 the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Delaware Act. No provision of this Agreement shall be in violation of the Delaware Act and to the extent any provision of this Agreement is in violation of the Delaware Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement. Neither any Member nor the Manager nor any other Person shall have appraisal rights with respect to any Units.

Section 2.03 Name. The name of the Company is "New RSG Holdings, LLC". The Manager, in its sole discretion, may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all of the Members. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Manager.

Section 2.04 Purpose; Powers. The primary business and purpose of the Company shall be to engage in such activities as are permitted under the Delaware Act and determined from time to time by the Manager in accordance with the terms and conditions of this Agreement. The Company shall have the power and authority to take (directly or indirectly through its Subsidiaries) any and all actions and engage in any and all activities necessary, appropriate, desirable, advisable, ancillary or incidental to accomplish the foregoing purpose.

Section 2.05 Principal Office; Registered Office. The principal office of the Company shall be located at such place or places as the Manager may from time to time designate, each of which may be within or outside the State of Delaware. The Company may have such other offices as the Manager may designate from time to time. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Manager may designate from time to time in the manner provided by law.

Section 2.06 Term. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in perpetuity unless dissolved in accordance with the provisions of Article XIV.

Section 2.07 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.07, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

## ARTICLE III
## MEMBERS; UNITS; CAPITALIZATION

Section 3.01 Members.

(a) As of the Effective Time, the Company shall issue its Common Units and Class C Common Incentive Units under and in accordance with the Contribution Agreements, in exchange for ownership interests in RSG LLC. As of the Effective Time, the ownership interest of the Existing Member in the Company shall be cancelled and replaced by the Common Units issued to the Existing Member under its Contribution Agreement.

(b) The Company shall maintain a schedule setting forth: (i) the name and address of each Member, (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member and (iii) the Class C Common Incentive Unit Return Threshold applicable to each Class C Common Incentive Unit which is outstanding (such schedule, the "***Schedule of Members***"). The applicable Schedule of Members in effect as of the Effective Date and after giving effect to the Contribution Agreements is on file with the Company. The Company shall also maintain a record of (1) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units and (2) the Fair Market Value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) in its books and records. The Schedule of Members may be updated by the Manager in the Company's books and records from time to time, and as so updated, it shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware Act.

(c) No Member shall be required or, except as approved by the Manager pursuant to Section 6.01 and in accordance with the other provisions of this Agreement, permitted to (i) loan any money or property to the Company, (ii) borrow any money or property from the Company or (iii) make any additional Capital Contributions.

Section 3.02 Units.

(a) Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion in accordance with the terms and subject to the restrictions hereof. At the Effective Date, the Units will be comprised of Common Units and Class C Common Incentive Units.

(b) Subject to Section 3.04(a), the Manager may (i) issue additional Common Units and/or Class C Common Incentive Units at any time in its sole discretion and (ii) create one or more new classes or series of Units or preferred Units solely to the extent such new class or series of Units or preferred Units are substantially economically equivalent to a class of common or other stock of the Corporation or class or series of preferred stock of the Corporation, respectively; *provided,* that as long as there are any Members (other than the Corporation and its Subsidiaries) (i) no such new class or series of Units may deprive such Members of, or dilute or reduce, the allocations and distributions they would have received, and the other rights and benefits to which they would have been entitled, in respect of their Units if such new class or series of Units had not been created and (ii) no such new class or series of Units may be issued, in each case, except to the extent (and solely to the extent) the Company actually receives cash in an aggregate amount, or other property with a Fair Market Value in an aggregate amount, equal to the aggregate distributions that would be made in respect of such new class or series of Units if the Company were liquidated immediately after the issuance of such new class or series of Units.

(c) Subject to Sections 15.03(b) and 15.03(c), the Manager may amend this Agreement, without the consent of any Member or any other Person, in connection with the creation and issuance of such classes or series of Units, pursuant to Sections 3.02(b), 3.04(a) or 3.10.

(d) Common Units and Class C Common Incentive Units may be subject to vesting and other terms and conditions as set forth in an Award Agreement (or Award Agreements). Each Class C Common Incentive Unit shall be subject to a return threshold (the "***Class C Common Incentive Unit Return Threshold***"), which shall be, for each Class C Common Incentive Unit that is intended to constitute a Profits Interest for U.S. federal income tax purposes, an amount not less than the amount determined by the Manager to be necessary to cause such Management Incentive Unit to constitute a Profits Interest, as set forth on the Schedule of Members. Each Class C Common Incentive Unit that is intended to constitute a Profits Interest shall have an initial Capital Account at the time of its issuance equal to zero dollars ($0.00).

(e) Unvested Common Units and Unvested Class C Common Incentive Units shall be subject to the terms of this Agreement and any applicable Award Agreement(s). Unvested Common Units and Unvested Class C Common Incentive Units that fail to vest and are forfeited by the applicable Member shall be cancelled by the Company (and shares of Class B Common Stock held by the applicable Member shall be cancelled, in each case for no consideration) and shall not be entitled to any distributions under this Agreement.

Section 3.03 [Reserved].

Section 3.04 Authorization and Issuance of Additional Units.

(a) Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, the Company and the Corporation shall undertake all actions, including, without limitation, an issuance, reclassification, distribution, division or recapitalization, with respect to the Common Units and the Class A Common Stock or Class B Common Stock, as applicable, to maintain at all times (i) a one-to-one ratio between the number of Common Units owned by the Corporation, directly or indirectly, and the number of outstanding shares of Class A Common Stock and (ii) a one-to-one ratio between the number of Common Units owned by Members (other than the Corporation and its Subsidiaries), directly or indirectly, and the number of outstanding shares of Class B Common Stock owned by such Members, directly or indirectly, in each case, disregarding, for purposes of maintaining the one-to-one ratio, (A) Unvested Corporate Shares, (B) treasury stock or (C) preferred stock or other debt or equity securities (including, without limitation, warrants, options or rights) issued by the Corporation that are convertible into or exercisable or exchangeable for Class A Common Stock or Class B Common Stock (except to the extent the net proceeds from such other securities, including any exercise or purchase price payable upon conversion, exercise or exchange thereof, has been contributed by the Corporation to the equity capital of the Company). Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, in the event the Corporation issues, transfers or delivers from treasury stock or repurchases Class A Common Stock in a transaction not contemplated in this Agreement, the Manager and the Corporation shall take all actions such that, after giving effect to all such issuances, transfers, deliveries or repurchases, the number of outstanding Common Units owned, directly or indirectly, by the Corporation will equal on a one-for-one basis the number of outstanding shares of Class A Common Stock. Except as otherwise determined by the Manager in connection with a contribution of cash or other assets by the Corporation to the Company, in the event the Corporation issues, transfers or delivers from treasury stock or repurchases or redeems the Corporation's preferred stock in a transaction not contemplated in this Agreement, the Manager and the Corporation shall take all actions such that, after giving effect to all such issuances, transfers, deliveries, repurchases or redemptions, the Corporation, directly or indirectly, holds (in the case of any issuance, transfer or delivery) or ceases to hold (in the case of any repurchase or redemption) equity interests in the Company which (in the good faith determination by the Manager) are in the aggregate substantially economically equivalent to the outstanding preferred stock of the Corporation so issued, transferred, delivered, repurchased or redeemed. Except as otherwise determined by the Manager in its reasonable discretion, the Company and the Corporation shall not undertake any subdivision (by any Common Unit split, stock split, Common Unit distribution, stock distribution, reclassification, division, recapitalization or similar event) or combination (by reverse Common Unit split, reverse stock split, reclassification, division, recapitalization or similar event) of the Common Units, Class A Common Stock or Class B Common Stock, as applicable, that is not accompanied by an identical subdivision or combination of Class A Common Stock, Class B Common Stock or Common Units, respectively, to maintain at all times (x) a one-to-one ratio between the

number of Common Units owned, directly or indirectly, by the Corporation and the number of outstanding shares of Class A Common Stock or (y) a one-to-one ratio between the number of Common Units owned by Members (other than the Corporation and its Subsidiaries) and the number of outstanding shares of Class B Common Stock, in each case, unless such action is necessary to maintain at all times a one-to-one ratio between either the number of Common Units owned, directly or indirectly, by the Corporation and the number of outstanding shares of Class A Common Stock or the number of Common Units owned by Members (other than the Corporation and its Subsidiaries) and the number of outstanding shares of Class B Common Stock as contemplated by the first sentence of this Section 3.04(a).

(b) The Company shall only be permitted to issue additional Common Units and Class C Common Incentive Units, and/or establish other classes or series of Units or other Equity Securities in the Company to the Persons and on the terms and conditions provided for in Section 3.02, this Section 3.04, Section 3.10 and Section 3.11. Subject to the foregoing, the Manager may cause the Company to issue additional Common Units and Class C Common Incentive Units authorized under this Agreement and/or establish other classes or series of Units or other Equity Securities in the Company at such times and upon such terms as the Manager shall determine and the Manager shall amend this Agreement as necessary in connection with the issuance of additional Common Units and admission of additional Members under this Section 3.04 without the requirement of any consent or acknowledgement of any other Member.

Section 3.05 Repurchase or Redemption of Shares of Class A Common Stock. Except as otherwise determined by the Manager in connection with the use of cash or other assets held by the Corporation, if at any time, any shares of Class A Common Stock are repurchased or redeemed (whether by exercise of a put or call, automatically or by means of another arrangement) by the Corporation for cash, then the Manager shall cause the Company, immediately prior to such repurchase or redemption of Class A Common Stock, to redeem a corresponding number of Common Units held (directly or indirectly) by the Corporation, at an aggregate redemption price equal to the aggregate purchase or redemption price of the shares of Class A Common Stock being repurchased or redeemed by the Corporation (plus any expenses related thereto) and upon such other terms as are the same for the shares of Class A Common Stock being repurchased or redeemed by the Corporation. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any repurchase or redemption if such repurchase or redemption would violate any applicable Law.

Section 3.06 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units.

(a) Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by any two (2) authorized officers of the Company, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. No Units shall be treated

as a "security" within the meaning of Article 8 of the Uniform Commercial Code unless all Units then outstanding are certificated; notwithstanding anything to the contrary herein, including Section 15.03, the Manager is authorized to amend this Agreement in order for the Company to opt-in to the provisions of Article 8 of the Uniform Commercial Code without the consent or approval of any Member of any other Person.

(b) If Units are certificated, the Manager may direct that a new certificate representing one or more Units be issued in place of any certificate theretofore issued by the Company alleged to have been lost, stolen or destroyed, upon delivery to the Manager of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Manager may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company 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 any such new certificate.

(c) To the extent Units are certificated, upon surrender to the Company or the transfer agent of the Company, if any, of a certificate for one or more Units, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, in compliance with the provisions hereof, the Company shall issue a new certificate representing one or more Units to the Person entitled thereto, cancel the old certificate and record the transaction upon its books. Subject to the provisions of this Agreement, the Manager may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, Transfer and registration of Units.

Section 3.07 Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

Section 3.08 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

Section 3.09 Loans From Members. Loans by Members to the Company shall not be considered Capital Contributions. Subject to the provisions of Section 3.01(c), the amount of any such advances shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such advances are made.

Section 3.10 Corporate Equity Plans.

(a) *Options Granted to Persons other than LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, a stock option granted over shares of Class A Common Stock to a Person other than an LLC Employee is duly exercised:

(i) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to the exercise price paid to the Corporation by such exercising Person in connection with the exercise of such stock option.

(ii) Notwithstanding the amount of the Capital Contribution actually made pursuant to Section 3.10(a)(i), the Corporation shall be deemed to have contributed to the Company as a Capital Contribution, in lieu of the Capital Contribution actually made and in consideration of additional Common Units, an amount equal to the Value of a share of Class A Common Stock as of the date of such exercise multiplied by the number of shares of Class A Common Stock then being issued by the Corporation in connection with the exercise of such stock option.

(iii) The Corporation shall receive in exchange for such Capital Contributions (as deemed made under Section 3.10(a)(ii)), a number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(b) *Options Granted to LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, a stock option granted over shares of Class A Common Stock to an LLC Employee is duly exercised:

(i) The Corporation shall sell to the Optionee, and the Optionee shall purchase from the Corporation, for a cash price per share equal to the Value of a share of Class A Common Stock at the time of the exercise, the number of shares of Class A Common Stock equal to the quotient of (x) the exercise price payable by the Optionee in connection with the exercise of such stock option divided by (y) the Value of a share of Class A Common Stock at the time of such exercise.

(ii) The Corporation shall sell to the Company (or if the Optionee is an employee of, or other service provider to, a Subsidiary, the Corporation shall sell to such Subsidiary), and the Company (or such Subsidiary, as applicable) shall purchase from the Corporation, a number of shares of Class A Common Stock equal to the difference between (x) the number of shares of Class A Common Stock as to which such stock option is being exercised minus (y) the number of shares of Class A Common Stock sold pursuant to Section 3.10(b)(i) hereof. The purchase price per share of Class A Common Stock for such sale of shares of Class A Common Stock to the Company (or such Subsidiary) shall be the Value of a share of Class A Common Stock as of the date of exercise of such stock option.

(iii) The Company shall transfer to the Optionee (or if the Optionee is an employee of, or other service provider to a Subsidiary, the Subsidiary shall transfer to the Optionee) at no additional cost to such LLC Employee and as additional compensation (and not a distribution) to such LLC Employee, the number of shares of Class A Common Stock described in Section 3.10(b)(ii).

(iv) The Corporation shall, as soon as practicable after such exercise, make a Capital Contribution to the Company in an amount equal to all proceeds received (from whatever source, but excluding any payment in respect of payroll taxes or other withholdings) by the Corporation in connection with the exercise of such stock option. The Corporation shall receive for such Capital Contribution, a

number of Common Units equal to the number of shares of Class A Common Stock for which such option was exercised.

(c) *Equity Awards Other than Options Granted to LLC Employees.* If at any time or from time to time, in connection with any Equity Plan, any shares of Class A Common Stock are issued to an LLC Employee (including any shares of Class A Common Stock that are subject to forfeiture in the event such LLC Employee terminates his or her employment with the Company or any Subsidiary) in consideration for services performed for the Company or any Subsidiary:

(i) The Corporation shall issue such number of shares of Class A Common Stock as are to be issued to such LLC Employee in accordance with the Equity Plan;

(ii) On the date (such date, the "***Vesting Date***") that the Value of such shares is includible in taxable income of such LLC Employee, the following events will occur: (1) the Corporation shall sell such shares of Class A Common Stock to the Company (or if such LLC Employee is an employee of, or other service provider to a Subsidiary, to such Subsidiary) for a purchase price equal to the Value of such shares of Class A Common Stock, (2) the Corporation shall contribute the purchase price for such shares of Class A Common Stock to the Company as a Capital Contribution, and (3) in the case where such LLC Employee is an employee of a Subsidiary, the Company shall be deemed to have contributed such amount to the capital of the Subsidiary; and

(iii) The Company shall issue to the Corporation on the Vesting Date a number of Common Units equal to the number of shares of Class A Common Stock issued under Section 3.10(c)(i) in consideration for a Capital Contribution that the Corporation is deemed to make to the Company pursuant to clause (2) of Section 3.10(c)(ii) above.

(d) *Future Stock Incentive Plans.* Nothing in this Agreement shall be construed or applied to preclude or restrain the Corporation from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the Corporation, the Company or any of their respective Affiliates. The Members acknowledge and agree that, in the event that any such plan is adopted, modified or terminated by the Corporation, amendments to this Section 3.10 may become necessary or advisable and that any approval or consent to any such amendments requested by the Corporation shall be deemed granted by the Manager and the Members, as applicable, without the requirement of any further consent or acknowledgement of any other Member.

(e) *Anti-dilution Adjustments.* For all purposes of this Section 3.10, the number of shares of Class A Common Stock and the corresponding number of Common Units shall be determined after giving effect to all anti-dilution or similar adjustments that are applicable, as of the date of exercise or vesting, to the option, warrant, restricted stock or other equity interest that is being exercised or becomes vested under the applicable Equity Plan and applicable Award Agreement or grant documentation.

Section 3.11 Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan. Except as may otherwise be provided in this Article III, all amounts received or deemed received by the Corporation in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Corporation to effect open market purchases of shares of Class A Common Stock, or (b) if the Corporation elects instead to issue new shares of Class A Common Stock with respect to such amounts, shall be contributed by the Corporation to the Company in exchange for additional Common Units. Upon such contribution, the Company will issue to the Corporation a number of Common Units equal to the number of new shares of Class A Common Stock so issued.

## ARTICLE IV
## DISTRIBUTIONS

Section 4.01 Distributions.

(a) *Distributable Cash; Other Distributions.* To the extent permitted by applicable Law and hereunder, Distributions to Members may be declared by the Manager out of Distributable Cash or other funds or property legally available therefor in such amounts, at such time and on such terms (including the payment dates of such Distributions) as the Manager in its sole discretion shall determine using such record date as the Manager may designate. All Distributions made under this Section 4.01 shall be made to the Members as of the close of business on such record date on a *pro rata* basis in accordance with each Member's Percentage Interest (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)) as of the close of business on such record date; *provided, however,* that the Manager shall have the obligation to make Distributions as set forth in Section 4.01(b) and 14.02; *provided, further,* subject to Section 4.01(c), for purposes of this Section 4.01(a) and notwithstanding anything to the contrary set forth herein, a holder of a Class C Common Incentive Unit (or portion thereof) shall be eligible to participate in distributions (A) only to the extent that the per Unit amount distributed by the Company (after the date of issuance of such Class C Common Incentive Unit) in respect of each Common Unit that is not a Class C Common Incentive Unit and that was outstanding on the date of issuance of such Class C Common Incentive Unit, excluding Tax Distributions, exceeds the then-unsatisfied Class C Common Incentive Unit Return Threshold applicable to such Class C Common Incentive Unit and (B) solely from the excess described in the preceding clause (A). Notwithstanding any other provision herein to the contrary, no Distributions shall be made to any Member to the extent such Distribution would render the Company insolvent or violate the Delaware Act. For purposes of the foregoing sentence, insolvency means the inability of the Company to meet its payment obligations when due. In furtherance of the foregoing, it is intended that the Manager shall, to the extent permitted by applicable Law and hereunder, have the right in its sole discretion to make Distributions of Distributable Cash to the Members pursuant to this Section 4.01(a) in such amounts as shall enable the Corporation to meet its obligations, including its obligations pursuant to the Tax Receivable Agreement (to the extent such obligations are not otherwise able to be satisfied as a result of Tax Distributions required to be made pursuant to Section 4.01(b)). Notwithstanding anything to the contrary in this Section 4.01(a), (i) the Company shall not make a distribution (other than Tax Distributions under Section 4.01(b)) to any Member in respect of any Unvested Common Units or

Unvested Class C Common Incentive Units and (ii) with respect to any amounts that would otherwise have been distributed to a Member but for the preceding clause (i), such amount shall be set aside by the Company for the benefit of such Member unless and until such time as such Unvested Common Units or Unvested Class C Common Incentive Units have vested in accordance with the applicable equity plan or individual award agreement, and within five (5) Business Days of such time, the Company shall distribute such amounts to such Member. If any condition to the vesting of Unvested Common Units or Unvested Class C Common Incentive Units becomes incapable of being satisfied (or if any holder of Common Units or Class C Common Incentive Units is required to return any Distribution in respect thereof as a result of the violation of any employment or post-employment restrictive covenant), then any amounts that have not been distributed with respect to such Unvested Common Units or Unvested Class C Common Incentive Units may be distributed to all other Members.

(b) *Tax Distributions*.

(i) With respect to each Fiscal Year, to the extent the Company has available cash for distribution by the Company under the Delaware Act and subject to any applicable agreement to which the Company or any of its Subsidiaries is a party governing the terms of third party indebtedness for borrowed money, and subject to the retention and establishment of reserves, or payment to third parties, of such funds as the Manager deems necessary or desirable in its sole discretion with respect to the reasonable needs and obligations of the Company or any of its Subsidiaries, the Company shall, to the extent permitted by applicable Law, make cash distributions *("**Tax Distributions**")* to each Member in accordance with, and to the extent of, such Member's Assumed Tax Liability. Tax Distributions pursuant to this Section 4.01(b)(i) shall be estimated by the Company on a quarterly basis and, to the extent feasible, shall be distributed to the Members on a quarterly basis on or prior to April 15th, June 15th, September 15th and January 15th (of the succeeding year) (or such other dates for which individuals or corporations (whichever is earlier) are required to make quarterly estimated tax payments for U.S. federal income tax purposes) (each, a *"**Quarterly Tax Distribution**"), provided,* that the foregoing shall not restrict the Company from making a Tax Distribution on any other date. Quarterly Tax Distributions shall take into account the estimated taxable income or loss of the Company for the Fiscal Year through the end of the relevant quarterly period. A final accounting for Tax Distributions shall be made for each Fiscal Year after the allocation of the Company's actual net taxable income or loss has been determined and any shortfall in the amount of Tax Distributions a Member received for such Fiscal Year based on such final accounting shall promptly be distributed to such Member.

(ii) To the extent a Member otherwise would be entitled to receive less than its Percentage Interest of the aggregate Tax Distributions to be paid pursuant to this Section 4.01(b) (other than any distributions made pursuant to Section 4.01(b)(v)) on any given date, the Tax Distributions to such Member shall be increased to ensure that all Distributions made pursuant to this Section 4.01(b) are made *pro rata* in accordance with the Members' respective Percentage Interests. If,

on the date of a Tax Distribution, there are insufficient funds on hand to distribute to the Members the full amount of the Tax Distributions to which such Members are otherwise entitled, Distributions pursuant to this Section 4.01(b) shall be made to the Members to the extent of available funds in accordance with their Percentage Interests and the Company shall make future Tax Distributions (pro rata in accordance with the Members' respective Percentage Interests) as soon as funds become available sufficient to pay the remaining portion of the Tax Distributions to which such Members are otherwise entitled.

(iii) In the event of any audit by, or similar event with, a taxing authority that affects the calculation of any Member's Assumed Tax Liability for any Taxable Year beginning on or after January 1, 2021 (other than an audit conducted pursuant to the Revised Partnership Audit Provisions for which no election is made pursuant to Section 6226 thereof and the Treasury Regulations promulgated thereunder), or in the event the Company files an amended tax return, each Member's Assumed Tax Liability with respect to such year shall be recalculated by giving effect to such event (for the avoidance of doubt, taking into account interest or penalties). Any shortfall in the amount of Tax Distributions the Members and former Members received for the relevant Taxable Years based on such recalculated Assumed Tax Liability promptly shall be distributed to such Members and the successors of such former Members, except, for the avoidance of doubt, to the extent Distributions were made to such Members and former Members pursuant to Section 4.01(a) and this Section 4.01(b) in the relevant Taxable Years sufficient to cover such shortfall.

(iv) Notwithstanding the foregoing, Tax Distributions pursuant to this Section 4.01(b) (other than, for the avoidance of doubt, any distributions made pursuant to Section 4.01(b)(v)), if any, shall be made to a Member only to the extent all previous Tax Distributions to such Member pursuant to Section 4.01(b) with respect to the Fiscal Year are less than the Tax Distributions such Member otherwise would have been entitled to receive with respect to such Fiscal Year pursuant to this Section 4.01(b).

(v) Notwithstanding the foregoing and anything to the contrary in this Agreement, following the Effective Date, no Member shall have any further right to any Tax Distributions (as defined in the Previous LLC Agreement) pursuant to Section 4.1(a) of the Previous LLC Agreement.

(vi) For the avoidance of doubt, Tax Distributions shall be treated for all purposes of this Agreement as an entitlement separate from and in addition to any other entitlement of any Member pursuant to this Agreement, including any distributions to which a Member is entitled pursuant to Section 4.01(a).

(vii) Notwithstanding anything herein to the contrary, to the extent two or more Members are included in the same "affiliated group" (within the meaning of Section 1504(a)(1) of the Code) that files a consolidated U.S. federal income tax return with respect to a given taxable year, such Members shall be aggregated and

treated as a single Member for purposes of this Section 4.01(b) with respect to such taxable year.

(c) *Limitations in Respect of Profits Interests*

(i) It is the intention of the Members that distributions with respect to each Profits Interest be limited to the extent necessary so that each Profits Interest qualifies at the time of grant as a "profits interest" for U.S. federal income tax purposes, and this Agreement shall be interpreted accordingly. In the event that distributions to which a Member would otherwise be entitled are inconsistent with the preceding sentence, the Manager is authorized to adjust future distributions to the Members in whatever manner it deems appropriate (to the extent consistent with the intended treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes) so that, after such adjustments are made, each Member receives, to the maximum extent possible, an amount of distributions equal to the amount of distributions such Member would have received were such sentence not part of this Agreement. Additionally, the Company intends to treat a Member holding a Profits Interest as the owner of such Interest for tax reporting purposes from the date it is granted, and the Company intends to file its IRS Form 1065, and the Company intends to issue appropriate Schedule K-1s, if any, to such Member, allocating to such Member its distributive share of all items of income, gain, loss, deduction and credit associated with such Class C Common Incentive Unit (or portion thereof) as if no time-based vesting restrictions applied. Each holder of Class C Common Incentive Units agrees to take into account such distributive share in computing its U.S. federal income tax liability for the entire period during which it holds any Class C Common Incentive Unit (or portion thereof). The undertakings contained in this Section 4.01(c)(i) shall be construed in accordance with the treatment of each Profits Interest as a "profits interest" for U.S. federal income tax purposes. Each recipient of a Profits Interest whether issued on or after the date hereof that is subject to vesting agrees to timely and properly file an election under Section 83(b) of the Code with respect to each Profits Interest and provide the Company with a copy of such election. Each holder of Profits Interests acknowledges and agrees that such holder will consult with such holder's tax advisor to determine the tax consequences of filing an election under Section 83(b) of the Code. Each such holder acknowledges that it is the sole responsibility of such holder, and not the Company, to file a timely election under Section 83(b) of the Code even if such holder requests the Company or its representatives to make such filing on behalf of such holder.

(ii) By executing this Agreement, each Member authorizes the Company, at the election of the Manager, to elect to have the "Safe Harbor" described in the proposed Revenue Procedure ("Revenue Procedure" ) set forth in the IRS Notice 2005-43 (the "Notice") apply to any Interest Transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company or any Subsidiary of the Company. For purposes of making such "Safe Harbor" election, the Manager is hereby designated as the "partner who has responsibility for U.S. federal income

tax reporting" by the Company and, accordingly, execution of such "Safe Harbor" election by the Manager shall constitute execution of a "Safe Harbor Election" in accordance with Section 3.03 of the Notice. The Company and each Member hereby agree to comply with all requirements of the "Safe Harbor" described in the Notice, to the extent such requirements are imposed in the Revenue Procedure, including the requirement that each Member shall prepare and file all U.S. federal income tax returns reporting the income tax effects of each interest in the Company issued by the Company covered by the "Safe Harbor" in a manner consistent with the requirements of the Revenue Procedure.

(iii) Each Member authorizes the Manager to amend this Section 4.01(c) to the extent necessary and advisable as determined by the Manager to comply with the requirements of the Revenue Procedure as issued; provided, that such amendment is not materially and disproportionally adverse to such Member (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all Interests in the Company Transferred to a service provider by the Company in connection with services provided to the Company or any Subsidiary of the Company). A Member's obligations to comply with the requirements of this Section 4.01(c) shall survive such Member's ceasing to be a Member of the Company and/or the winding up and dissolution of the Company, and, for purposes of this Section 4.01(c), the Company shall be treated as continuing in existence.

## ARTICLE V
## CAPITAL ACCOUNTS; ALLOCATIONS; TAX MATTERS

Section 5.01 Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Manager), upon the occurrence of the events specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such Treasury Regulation and Treasury Regulation Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of the Company's property.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction with respect to the Company to be allocated pursuant to this Article V and to be reflected in the Capital Accounts of the Members, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for this purpose); *provided, however,* that:

(i) The computation of all items of income, gain, loss and deduction shall include those items described in Code Section 705(a)(1)(B) or Code Section 705(a)(2)(B) and Treasury Regulation Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includible in gross income or are not deductible for U.S. federal income tax purposes.

(ii) If the Book Value of any property of the Company is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss or deduction attributable to the disposition of property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization and other cost recovery deductions with respect to property of the Company having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any asset of the Company pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

Section 5.02 Allocations. Except as otherwise provided in Section 5.03 and Section 5.04, Net Profits and Net Losses for any Fiscal Year or Fiscal Period shall be allocated among the Capital Accounts of the Members in a manner such that the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 4.01(a) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Book Value of the assets securing such liability), and the net assets of the Company were distributed, in accordance with Section 4.01(a), to the Members immediately after making such allocation, assuming for this purpose that any Common Units or Class C Common Incentive Units which are subject to vesting conditions in accordance with any applicable equity plan or individual award agreement are fully vested, minus (ii) such Member's share of Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

Section 5.03 Regulatory Allocations.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Members in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(i)(4).

(b) Nonrecourse deductions (as determined according to Treasury Regulation Section 1.704-2(b)(l)) for any Taxable Year shall be allocated pro rata among the Members in accordance with their Percentage Interests. Except as otherwise provided in Section 5.03(a), if there is a net decrease in the Minimum Gain during any Taxable Year, each Member shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to Treasury Regulation Section 1.704-2(f). This Section 5.03(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Member that unexpectedly receives an adjustment, allocation or Distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (4), (5) and (6) has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Section 5.03(a) and 5.03(b) but before the application of any other provision of this Article V, then Profits for such Taxable Year shall be allocated to such Member in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 5.03(c) is intended to be a qualified income offset provision as described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) If the allocation of Net Losses to a Member as provided in Section 5.02 would create or increase an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as will not create or increase an Adjusted Capital Account Deficit. The Net Losses that would, absent the application of the preceding sentence, otherwise be allocated to such Member shall be allocated to the other Members in accordance with their relative Percentage Interests, subject to this Section 5.03(d).

(e) Profits and Losses described in Section 5.01(b)(v) shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(j), (k) and (m).

(f) The allocations set forth in Section 5.03(a) through and including Section 5.03(e) (the "***Regulatory Allocations***") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Treasury Regulations. The Regulatory Allocations may not be consistent with the manner in which the Members intend to allocate Profit and Loss of the Company or make Distributions. Accordingly, notwithstanding the other provisions of this Article V, but subject to the Regulatory Allocations, income, gain, deduction and loss with respect to the Company shall be reallocated among the Members so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Members to be in the amounts (or as close thereto as possible) they would have been if Profit and Loss (and such other items of income, gain, deduction and loss) had been allocated without reference to the Regulatory Allocations. In general, the Members anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction and loss) among the Members so that the net amount of the Regulatory Allocations and such special allocations to each such Member is zero. In addition, if in any Fiscal Year or Fiscal Period there is a decrease in

partnership minimum gain, or in partner nonrecourse debt minimum gain, and application of the minimum gain chargeback requirements set forth in Section 5.03(a) or Section 5.03(b) would cause a distortion in the economic arrangement among the Members, the Members may, if they do not expect that the Company will have sufficient other income to correct such distortion, request the Internal Revenue Service to waive either or both of such minimum gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such minimum gain chargeback requirement.

Section 5.04 Final Allocations.

(a) Notwithstanding any contrary provision in this Agreement except Section 5.03, the Manager shall make appropriate adjustments to allocations of Profits and Losses to (or, if necessary, allocate items of gross income, gain, loss or deduction of the Company among) the Members upon the liquidation of the Company (within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations), the transfer of substantially all the Units (whether by sale or exchange or merger) or sale of all or substantially all the assets of the Company, such that, to the maximum extent possible, the Capital Accounts of the Members are proportionate to their Percentage Interests. In each case, such adjustments or allocations shall occur, to the maximum extent possible, in the Fiscal Year of the event requiring such adjustments or allocations.

(b) If any holder of Common Units or Class C Common Incentive Units which are subject to vesting conditions forfeits (or the Company has repurchased at less than fair market value) all or a portion of such holder's unvested Common Units or Class C Common Incentive Units, the Company shall make forfeiture allocations in respect of such unvested Common Units or Class C Common Incentive Units in the manner and to the extent required by Proposed Treasury Regulations Section 1.704-1(b)(4)(xii) (as such Proposed Treasury Regulations may be amended or modified, including upon the issuance of temporary or final Treasury Regulations).

Section 5.05 Tax Allocations.

(a) The income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; *provided* that if any such allocation is not permitted by the Code or other applicable Law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of taxable income, gain, loss and deduction of the Company with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value as determined by the Manager in good faith.

(c) If the Book Value of any asset of the Company is adjusted pursuant to Section 5.01(b), including adjustments to the Book Value of any asset of the Company in connection with the execution of this Agreement, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value using the traditional method set forth in Treasury Regulations Section 1.704-3(b).

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Members as determined by the Manager taking into account the principles of Treasury Regulation Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.05 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, Distributions or other items of the Company pursuant to any provision of this Agreement.

Section 5.06 Indemnification and Reimbursement for Payments on Behalf of a Member. If the Company is obligated to pay any amount to a Governmental Entity (or otherwise makes a payment to a Governmental Entity) that is specifically attributable to a Member or a Member's status as such (including federal income taxes, additions to tax, interest and penalties as a result of obligations of the Company pursuant to the Revised Partnership Audit Provisions, federal withholding taxes, state personal property taxes and state unincorporated business taxes), then such Member shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Manager may offset Distributions to which a Member is otherwise entitled under this Agreement against such Member's obligation to indemnify the Company under this Section 5.06. In addition, notwithstanding anything to the contrary, each Member agrees that any Cash Settlement such Member is entitled to receive pursuant to Article XI may be offset by an amount equal to such Member's obligation to indemnify the Company under this Section 5.06 and that such Member shall be treated as receiving the full amount of such Cash Settlement and paying to the Company an amount equal to such obligation. A Member's obligation to make payments to the Company under this Section 5.06 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the dissolution, liquidation, winding up and termination of the Company. In the event that the Company has been terminated prior to the date such payment is due, such Member shall make such payment to the Manager (or its designee), which shall distribute such funds in accordance with this Agreement. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 5.06, including instituting a lawsuit to collect such contribution with interest calculated at a rate per annum equal to the sum of the Base Rate plus 300 basis points (but not in excess of the highest rate per annum permitted by Law). Each Member hereby agrees to furnish to the Company such information and forms as required or reasonably requested in order to comply with any Laws and regulations governing withholding of tax or in order to claim any reduced rate of, or exemption from, withholding to which the Member is legally entitled. The Company may withhold any amount that it determines is required to be withheld from any amount otherwise payable to any Member hereunder, and any such withheld amount shall be deemed to have been paid to such Member for purposes of this Agreement.

ARTICLE VI
MANAGEMENT

Section 6.01 Authority of Manager; Officer Delegation.

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Corporation, as the sole managing member of the Company (the Corporation, in such capacity, the "***Manager***"), (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company and (iii) no other Member shall have any right, authority or power to vote, consent or approve any matter, whether under the Delaware Act, this Agreement or otherwise. The Manager shall be the "manager" of the Company for the purposes of the Delaware Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Delaware Act with respect to the management and control of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 6.04.

(b) Without limiting the authority of the Manager to act on behalf of the Company, the day-to-day business and operations of the Company may be overseen and implemented by officers of the Company (each, an "***Officer****"* and collectively, the *"****Officers****"),* subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager, with the initial Officers of the Company hereby appointed in such roles as set forth on Schedule 3 attached hereto, and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions of this Agreement (including in Section 6.07 below), the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall be limited to such duties as the Manager may, from time to time, delegate to them. Unless the Manager decides otherwise, if the title is one commonly used for officers of a business corporation formed under the General Corporation Law of the State of Delaware, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. All Officers shall be, and shall be deemed to be, officers and employees of the Company. An Officer may also perform one or more roles as an officer of the Manager. Any Officer may be removed at any time, with or without cause, by the Manager.

(c) Subject to the other provisions of this Agreement, the Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, conversion, division, reorganization or other combination of the Company with or into another entity, for the avoidance of doubt, without the prior consent of any Member or any

other Person being required. The Manager shall have the power and authority to cash out fractional Units on such terms and at such times as it determines.

Section 6.02 Actions of the Manager. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 6.07.

Section 6.03 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. For the avoidance of doubt, the Members have no right under this Agreement to remove or replace the Manager.

Section 6.04 Vacancies. Vacancies in the position of Manager occurring for any reason shall be filled by the Corporation (or, if the Corporation has ceased to exist without any successor or assign, then by the holders of a majority in interest of the voting capital stock of the Corporation immediately prior to such cessation). For the avoidance of doubt, the Members (other than the Corporation) have no right under this Agreement to fill any vacancy in the position of Manager.

Section 6.05 Transactions Between the Company and the Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided,* that such contracts and dealings (other than contracts and dealings between the Company and its Subsidiaries) are on terms comparable to and competitive with those available to the Company from others dealing at arm's length or are approved by the Members and otherwise are permitted by the Credit Agreements; *provided* that the foregoing shall in no way limit the Manager's rights under Section 3.02, 3.04, 3.05 or 3.10. The Members hereby approve each of the contracts or agreements between or among the Manager, the Company and their respective Affiliates entered into on or prior to the date of this Agreement in accordance with the Previous LLC Agreement or that the board of managers of the Company or the Corporate Board has approved in connection with the IPO as of the date of this Agreement.

Section 6.06 Reimbursement for Expenses. The Manager shall not be compensated for its services as Manager of the Company except as expressly provided in this Agreement. The Members acknowledge and agree that (i) the Manager's Class A Common Stock is publicly traded and, therefore, the Manager will have access to the public capital markets and that such status and the services performed by the Manager will inure to the benefit of the Company and all Members and (ii) the Company serves as a holding company for RSG LLC and such status as a holding company will insure to the benefit of RSG LLC and the Members of the Company; therefore, each of the Manager and the Company shall be reimbursed by RSG LLC for any reasonable out-of-pocket expenses incurred on behalf of RSG LLC, including without limitation all fees, expenses and costs associated with the IPO and all fees, expenses and, in the case of the Manager, the costs of being a public company (including without limitation public reporting obligations, proxy statements, stockholder meetings, Stock Exchange fees, transfer agent fees, legal fees, accounting fees, SEC and FINRA filing fees and offering expenses, and other related fees) and maintaining its corporate or legal existence. In the event that shares of Class A Common Stock are sold to underwriters in any public offering at a price per share that is lower than the price per share for which such shares of Class A Common Stock are sold to the public in such public offering after

taking into account underwriters' discounts or commissions and brokers' fees or commissions (such difference, the "***Discount***") (i) the Manager shall be deemed to have contributed to the Company in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public, (ii) the Company shall be deemed to have contributed to RSG LLC in exchange for newly issued Common Units the full amount for which such shares of Class A Common Stock were sold to the public, and (iii) RSG LLC shall be deemed to have paid the Discount as an expense. To the extent practicable, expenses incurred by the Manager or the Company on behalf of or for the benefit of RSG LLC shall be billed directly to and paid by RSG LLC and, if and to the extent any reimbursements to the Manager or any of its Affiliates (including the Company) by RSG LLC pursuant to this Section 6.06 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of RSG LLC), such amounts shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Members' Capital Accounts. Notwithstanding the foregoing, RSG LLC shall not bear any income tax obligations of the Manager or any payments made pursuant to the Tax Receivable Agreement (except, in each case, to the extent such income tax obligations specifically arise as a result of the consummation of the IPO or any restructuring transactions related thereto).

Section 6.07 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including, without limitation, chief executive officer, president, chief financial officer, chief operating officer, general counsel, senior vice president, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons which may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

Section 6.08 Limitation of Liability of Manager.

(a) Except as otherwise provided herein or in an agreement entered into by such Person and the Company, neither the Manager nor any of the Manager's Affiliates or Manager's officers, employees or other agents shall be liable to the Company, to any Member that is not the Manager or to any other Person bound by this Agreement for any act or omission performed or omitted by the Manager in its capacity as the sole managing member of the Company pursuant to authority granted to the Manager by this Agreement; *provided, however,* that, except as otherwise provided herein, such limitation of liability shall not apply to the extent the act or omission was attributable to the Manager's willful misconduct or knowing violation of Law or for any present or future material breaches of any representations, warranties or covenants by the Manager or its Affiliates contained herein or in the Other Agreements with the Company. The Manager may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Manager in good faith reliance on

such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

(b) To the fullest extent permitted by applicable Law, whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable United States generally accepted accounting practices or principles, notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise.

(c) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, whenever in this Agreement or any other agreement contemplated herein, the Manager is permitted or required to take any action or to make a decision in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company, other Members or any other Person.

(d) To the fullest extent permitted by applicable Law and notwithstanding any other provision of this Agreement or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement the Manager is permitted or required to take any action or to make a decision in its "good faith" or under another express standard, the Manager shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, notwithstanding any provision of this Agreement or duty otherwise, existing at Law or in equity, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith or in accordance with such other express standard, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or impose liability upon the Manager or any of the Manager's Affiliates and shall be deemed approved by all Members.

Section 6.09 Investment Company Act. The Manager shall use its best efforts to ensure that the Company shall not be subject to registration as an investment company pursuant to the Investment Company Act.

## ARTICLE VII
## RIGHTS AND OBLIGATIONS OF MEMBERS AND MANAGER

Section 7.01 Limitation of Liability and Duties of Members.

(a) Except as provided in this Agreement or in the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member or Manager shall be obligated personally for any such debts, obligations, contracts or liabilities of the Company solely by reason of being a Member or the Manager (except to the extent and under the circumstances set forth in any non-waivable provision of the Delaware Act). Notwithstanding anything contained herein to the contrary, to the fullest extent permitted by applicable Law, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Members for liabilities of the Company.

(b) In accordance with the Delaware Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no Distribution to any Member pursuant to Articles IV or XIV shall be deemed a return of money or other property paid or distributed in violation of the Delaware Act. The payment of any such money or Distribution of any such property to a Member shall be deemed to be a compromise within the meaning of Section 18-502(b) of the Delaware Act, and, to the fullest extent permitted by Law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person, unless such distribution was made by the Company to its Members in clerical error. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.

(c) To the fullest extent permitted by applicable Law, including Section 18-1101(c) of the Delaware Act, and notwithstanding any other provision of this Agreement (but subject, and without limitation, to Section 6.08 with respect to the Manager) or in any agreement contemplated herein or applicable provisions of Law or equity or otherwise, the parties hereto hereby agree that to the extent that any Member (other than the Manager in its capacity as such) (or any Member's Affiliate or any manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Member or of any Affiliate of a Member) has duties (including fiduciary duties) to the Company, to the Manager, to another Member, to any Person who acquires an interest in a Unit or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties or standards expressly set forth herein, if any; provided, however, that the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing. The elimination of duties (including fiduciary duties) to the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement and replacement thereof with the duties or standards expressly set forth herein, if any, are approved by the Company, the Manager, each of the Members, each other Person who acquires an interest in a Unit and each other Person bound by this Agreement.

Section 7.02 Lack of Authority. No Member, other than the Manager or a duly appointed Officer, in each case in its capacity as such, has the authority or power to act for or on behalf of

the Company, to do any act that would be binding on the Company or to make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on them by Law and this Agreement.

Section 7.03 No Right of Partition. No Member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any property of the Company, or the right to own or use particular or individual assets of the Company.

Section 7.04 Indemnification.

(a) Subject to Section 5.06, the Company hereby agrees to indemnify and hold harmless any Person (each an *"**Indemnified Person**")* to the fullest extent permitted under applicable Law, as the same now exists or may hereafter be amended, substituted or replaced (but, to the fullest extent permitted by Law, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Company is providing immediately prior to such amendment), against all expenses, liabilities and losses (including attorneys' fees, judgments, fines, excise taxes or penalties) reasonably incurred or suffered by such Person (or one or more of such Person's Affiliates) by reason of the fact that such Person is or was a Member or an Affiliate thereof (other than as a result of an ownership interest in the Corporation) or is or was serving as the Manager or a director, officer, employee or other agent of the Manager, or a director, manager, Officer, employee or other agent of the Company or is or was serving at the request of the Company as a manager, officer, director, principal, member, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise; *provided, however,* that no Indemnified Person shall be indemnified for any expenses, liabilities and losses suffered that are attributable to such Indemnified Person's or its Affiliates' willful misconduct or knowing violation of Law or for any present or future breaches of any representations, warranties or covenants by such Indemnified Person or its Affiliates contained herein or in Other Agreements with the Company. Reasonable expenses, including out-of-pocket attorneys' fees, incurred by any such Indemnified Person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding, including any appeal therefrom, upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Company.

(b) The right to indemnification and the advancement of expenses conferred in this Section 7.04 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, bylaw, action by the Manager or otherwise.

(c) The Company shall maintain directors' and officers' liability insurance, or substantially equivalent insurance, at its expense, to protect any Indemnified Person against any expense, liability or loss described in Section 7.04(a) whether or not the Company would have the power to indemnify such Indemnified Person against such expense, liability or loss under the provisions of this Section 7.04. The Company shall use its commercially reasonable efforts to purchase and maintain property, casualty and liability insurance in

types and at levels customary for companies of similar size engaged in similar lines of business, as determined in good faith by the Manager, and the Company shall use its commercially reasonable efforts to purchase directors' and officers' liability insurance (including employment practices coverage) with a carrier and in an amount determined necessary or desirable as determined in good faith by the Manager.

(d) The indemnification and advancement of expenses provided for in this Section 7.04 shall be provided out of and to the extent of Company assets only. No Member (unless such Member otherwise agrees in writing or is found in a non-appealable decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company. The Company (i) shall be the primary indemnitor of first resort for such Indemnified Person pursuant to this Section 7.04 and (ii) shall be fully responsible for the advancement of all expenses and the payment of all damages or liabilities with respect to such Indemnified Person which are addressed by this Section 7.04.

(e) If this Section 7.04 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person pursuant to this Section 7.04 to the fullest extent permitted by any applicable portion of this Section 7.04 that shall not have been invalidated and to the fullest extent permitted by applicable Law.

Section 7.05 Inspection Rights. Section 18-305(a) of the Delaware Act (entitled "Access to and Confidentiality of Information; Records") shall not apply to or be incorporated into this Agreement and each Unitholder hereby expressly waives any and all rights under such Section of the Delaware Act.

## ARTICLE VIII
## BOOKS, RECORDS, ACCOUNTING AND REPORTS, AFFIRMATIVE COVENANTS

Section 8.01 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required pursuant to applicable Laws. All matters concerning (a) the determination of the relative amount of allocations and Distributions among the Members pursuant to Articles IV and V and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Manager, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

Section 8.02 Fiscal Year. The Fiscal Year of the Company shall end on December 31 of each year or such other date as may be required by the established by the Manager.

## ARTICLE IX
## TAX MATTERS

Section 9.01 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all tax returns required to be filed by the Company. The Manager shall use

reasonable efforts to furnish, within one hundred and eighty (180) days of the close of each Taxable Year, to each Member a completed IRS Schedule K-l (and any comparable state income tax form) and such other information as is reasonably requested by such Member relating to the Company that is necessary for such Member to comply with its tax reporting obligations. Subject to the terms and conditions of this Agreement and except as otherwise provided in this Agreement, in its capacity as Partnership Representative, the Corporation shall have the authority to prepare the tax returns of the Company using such permissible methods and elections as it determines in its reasonable discretion, including without limitation the use of any permissible method under Section 706 of the Code for purposes of determining the varying Units of its Members.

Section 9.02 Tax Elections. The Taxable Year shall be the Fiscal Year set forth in Section 8.02, unless otherwise required by Section 706 of the Code. The Manager shall cause the Company and each of its Subsidiaries that is treated as a partnership for U.S. federal income tax purposes to have in effect an election pursuant to Section 754 of the Code (or any similar provisions of applicable state, local or foreign tax Law) for each Taxable Year. The Manager shall take commercially reasonable efforts to cause each Person in which the Company owns a direct or indirect equity interest (other than a Subsidiary) that is so treated as a partnership to have in effect any such election for each Taxable Year. Each Member will upon request supply any information reasonably necessary to give proper effect to any such elections.

Section 9.03 Tax Controversies. The Manager shall cause the Company to take all necessary actions required by Law to designate the Corporation as the "tax matters partner" of the Company within the meaning of Section 6231 of the Code (as in effect prior to repeal of such section pursuant to the Revised Partnership Audit Provisions) with respect any Taxable Year beginning on or before December 31, 2017. The Manager shall further cause the Company to take all necessary actions required by Law to designate the Corporation as the "partnership representative" of the Company as provided in Section 6223(a) of the Code with respect to any Taxable Year of the Company beginning after December 31, 2017, and if the "partnership representative" is an entity, the Corporation is hereby authorized to designate an individual to be the sole individual through which such entity "partnership representative" will act (in such capacities, collectively, the "***Partnership Representative***"). The Company and the Members shall cooperate fully with each other and shall use reasonable best efforts to cause the Corporation (or its designated individual, as applicable) to become the Partnership Representative with respect to any taxable period of the Company with respect to which the statute of limitations has not yet expired (and causing any tax matters partner, partnership representative or designated individual designated prior to the Effective Date to resign, be revoked or replaced, as applicable). The Partnership Representative shall have the right and obligation to take all actions authorized and required, by the Code for the Partnership Representative and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including any resulting administrative and judicial proceedings, and to expend Company funds for professional services reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and the Partnership Representative and to do or refrain from doing any or all things reasonably requested by the Company or the Partnership Representative with respect to the conduct of such proceedings. Without limiting the generality of the foregoing, with respect to any audit or other proceeding, the Partnership Representative shall be entitled to cause the Company (and any of its Subsidiaries) to make any available elections pursuant to Section 6226 of the Code (and similar provisions of state, local and other Law), and

the Members shall cooperate to the extent reasonably requested by the Company in connection therewith. The Company shall reimburse the Partnership Representative for all reasonable out-of-pocket expenses incurred by the Partnership Representative, including reasonable fees of any professional attorneys, in carrying out its duties as the Partnership Representative. The provisions of this Section 9.03 shall survive the transfer or termination of any Member's interest in any Units of the Company, the termination of this Agreement and the termination of the Company, and shall remain binding on each Member for the period of time necessary to resolve all tax matters relating to the Company, and shall be subject to the provisions of the Tax Receivable Agreement, as applicable.

## ARTICLE X
## RESTRICTIONS ON TRANSFER OF UNITS; CERTAIN TRANSACTIONS

Section 10.01 Transfers by Members. No holder of Units shall Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Sections 10.02 and 10.09 or (b) approved in advance and in writing by the Manager, in the case of Transfers by any Member other than the Manager, or (c) in the case of Transfers by the Manager, to any Person who succeeds to the Manager in accordance with Section 6.04. Notwithstanding the foregoing, "***Transfer***" shall not include any indirect Transfer of Units held by the Manager by virtue of any Transfer of Equity Securities in the Corporation.

Section 10.02 Permitted Transfers. The restrictions contained in Section 10.01 shall not apply to any of the following Transfers (each, a *"**Permitted Transfer**"* and each transferee, a "***Permitted Transferee***"): (i)(A) a Transfer pursuant to a Redemption or Direct Exchange in accordance with Article XI hereof or (B) a Transfer by a Member to the Corporation or any of its Subsidiaries, (ii) a Transfer to an Affiliate of such Member or pursuant to applicable laws of descent and distribution or among such Member's Family Group (provided that (x) Units may not be Transferred to a Member's spouse in connection with a divorce proceeding, (y) Unvested Common Units and Unvested Class C Common Incentive Units may not be Transferred without the written consent of the Manager and (z) such Member retains exclusive voting control of the Units Transferred); *provided, however,* that (x) the restrictions contained in this Agreement will continue to apply to Units after any Permitted Transfer of such Units, and (y) in the case of the foregoing clause (ii), the Permitted Transferees of the Units so Transferred shall agree in writing to be bound by the provisions of this Agreement, and prior to such Transfer the transferor will deliver a written notice to the Company and the Members, which notice will disclose in reasonable detail the identity of the proposed Permitted Transferee. In the case of a Permitted Transfer of any Common Units by any Member that is authorized to hold Class B Common Stock in accordance with the Corporation's certificate of incorporation to a Permitted Transferee in accordance with this Section 10.02, such Member (or any subsequent Permitted Transferee of such Member) shall also transfer a number of shares of Class B Common Stock equal to the number of Common Units that were transferred by such Member (or subsequent Permitted Transferee) in the transaction to such Permitted Transferee. All Permitted Transfers are subject to the additional limitations set forth in Section 10.07(b).

Section 10.03 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or if an

exemption from such registration is then available with respect to such sale. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ISSUED ON [_____], AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF NEW RSG HOLDINGS, LLC, AS IT MAY BE AMENDED, RESTATED, AMENDED AND RESTATED, OR OTHERWISE MODIFIED FROM TIME TO TIME, AND NEW RSG HOLDINGS, LLC RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY NEW RSG HOLDINGS, LLC TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

The Company shall imprint such legend on certificates (if any) evidencing Units. The legend set forth above shall be removed from the certificates (if any) evidencing any Units which cease to be Units in accordance with the definition thereof.

Section 10.04 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective Permitted Transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate to which the transferor was a party (collectively, the *"**Other Agreements**")* by executing and delivering to the Company counterparts of this Agreement and any applicable Other Agreements.

Section 10.05 Assignee's Rights.

(a) The Transfer of a Unit in accordance with this Agreement shall be effective as of the date of such Transfer (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other items of the Company shall be allocated between the transferor and the transferee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the transferor, and Distributions made on or after such date shall be paid to the Assignee.

(b) Unless and until an Assignee becomes a Member pursuant to Article XII, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however,* that, without relieving the Transferring Member from any such limitations or obligations as more fully described in Section 10.06, such Assignee shall be bound by any limitations and obligations of a Member contained herein by which

a Member would be bound on account of the Assignee's Units (including the obligation to make Capital Contributions on account of such Units).

Section 10.06 Assignor's Rights and Obligations. Any Member who shall Transfer any Unit in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units and shall no longer have any rights or privileges, or, except as set forth in this Section 10.06, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it being understood, however, that the applicable provisions of Sections 6.08 and 7.04 shall continue to inure to such Person's benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of Article XII (the *"**Admission Date**"*), (i) such Transferring Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units, and (ii) the Manager may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units for any period of time prior to the Admission Date. Nothing contained herein shall relieve any Member who Transfers any Units in the Company from any liability of such Member to the Company with respect to such Units that may exist as of the Admission Date or that is otherwise specified in the Delaware Act or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the Other Agreements with the Company.

Section 10.07 Overriding Provisions.

(a) Any Transfer or attempted Transfer of any Units in violation of this Agreement (including any prohibited indirect Transfers) shall be, to the fullest extent permitted by applicable law, null and void *ab initio,* and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Agreement shall not become a Member and shall not have any other rights in or with respect to any rights of a Member of the Company with respect to the applicable Units. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Schedule of Members to reflect any Permitted Transfer pursuant to this Article X.

(b) Notwithstanding anything contained herein to the contrary (including, for the avoidance of doubt, the provisions of Section 10.01 and Article XI and Article XII), in no event shall any Member Transfer any Units to the extent such Transfer would:

(i) result in the violation of the Securities Act, or any other applicable federal, state or foreign Laws;

(ii) cause an assignment under the Investment Company Act;

(iii) in the reasonable determination of the Manager, be a violation of or a default (or an event that, with notice or the lapse of time or both, would constitute a default) under, or result in an acceleration of any obligation under any Credit Agreement to which the Company or the Manager is a party; *provided* that the

payee or creditor to whom the Company or the Manager owes such obligation is not an Affiliate of the Company or the Manager;

(iv) be a Transfer to a Person who is not legally competent or who has not achieved his or her majority of age under applicable Law (excluding trusts for the benefit of minors);

(v) reasonably be expected to create a material risk that the Company could be treated as a "publicly traded partnership" or could be taxed as a corporation pursuant to Section 7704 of the Code or any successor provision thereto under the Code (as determined in the sole discretion of the Manager); or

(vi) reasonably be expected to create a material risk that the Company would have more than one hundred (100) partners, within the meaning of Treasury Regulations Section 1.7704-1(h)(1) (determined pursuant to the rules of Treasury Regulations Section 1.7704-1(h)(3)) (as determined in the sole discretion of the Manager); provided, for the avoidance of doubt, that in determining whether a Transfer creates a material risk that the Company would have more than one hundred (100) partners, the Manager may assume in its sole discretion the admission of any number of future additional Members.

(c) Notwithstanding anything contained herein to the contrary, in no event shall any Member that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code Transfer any Units, unless such Member and the transferee have delivered to the Company, in respect of the relevant Transfer, written evidence that all required withholding under Section 1446(f) of the Code will have been done and duly remitted to the applicable taxing authority or duly executed certifications (prepared in accordance with the applicable Treasury Regulations or other authorities) of an exemption from such withholding.

(d) Without limiting any of the foregoing, and notwithstanding any other provision of this Agreement to the contrary, no Member shall Transfer any Units during the 2021 taxable year of the Company unless such Transfer either (x) qualifies as a "block transfer" under Treasury Regulations Section 1.7704-1(e)(2), or (y) is disregarded pursuant to Treasury Regulations Sections 1.7704-1(e)(1)(ii).

(e) For the avoidance of doubt, in the event that a Member (or such Member's estate) attempts to Transfer any Units in connection with the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of such Member, such Transfer shall, to the extent it is in violation of this Agreement (unless otherwise waived by the Manager), be void *ab initio* and the provisions of Sections 10.05 and 10.06 shall not apply to any such Transfers, such that such Member (or such Member's estate) remains the owner of the applicable Units.

(f) In the event that, notwithstanding this Section 10.07 or any other provision in this Agreement, a Transfer is required pursuant to applicable Law, immediately prior to such Transfer, the Units subject to such Transfer shall be redeemed in accordance with the

provisions of Section 11.01 and Section 11.05, as applicable, such that in no event shall the transferee in respect of such Transfer become a Member of the Company at any time.

Section 10.08 Spousal Consent. In connection with the execution and delivery of this Agreement, any Member who is a natural person will deliver to the Company an executed consent from such Member's spouse (if any) in the form of Exhibit B-l attached hereto or a Member's spouse confirmation of separate property in the form of Exhibit B-2 attached hereto. If, at any time subsequent to the date of this Agreement such Member becomes legally married (whether in the first instance or to a different spouse), such Member shall cause his or her spouse to execute and deliver to the Company a consent in the form of Exhibit B-l or Exhibit B-2 attached hereto. Such Member's non-delivery to the Company of an executed consent in the form of Exhibit B-l or Exhibit B-2 at any time shall constitute such Member's continuing representation and warranty that such Member is not legally married as of such date.

Section 10.09 Certain Transactions with respect to the Corporation.

(a) In connection with a Change of Control Transaction, the Manager shall have the right, in its sole discretion, to require each Member to effect (x) an Exchange of all of such Member's Vested and Unvested Class C Common Incentive Units (if any) pursuant to Section 11.05 and thereafter (y) a Redemption of all or a portion of such Member's Units together with an equal number of shares of Class B Common Stock, pursuant to which such Units and such shares of Class B Common Stock will be exchanged for shares of Class A Common Stock (or economically equivalent cash or securities of a successor entity), *mutatis mutandis,* in accordance with the Redemption provisions of Article XI (applied for this purpose as if the Corporation had delivered an Election Notice that specified a Share Settlement with respect to such Redemption) and otherwise in accordance with this Section 10.09(a). Any such Redemption pursuant to this Section 10.09(a) shall be effective immediately prior to the consummation of such Change of Control Transaction (and, for the avoidance of doubt, shall be contingent upon the consummation of such Change of Control Transaction and shall not be effective if such Change of Control Transaction is not consummated) (the date of such Redemption pursuant to this Section 10.09(a), the *"**Change of Control Date**"*). From and after the Change of Control Date, (i) the Units and any shares of Class B Common Stock subject to such Redemption shall be deemed to be transferred to the Corporation on the Change of Control Date and (ii) each such Member shall cease to have any rights with respect to the Units and any shares of Class B Common Stock subject to such Redemption (other than the right to receive shares of Class A Common Stock (or economically equivalent cash or equity securities in a successor entity) pursuant to such Redemption). In the event the Manager desires to initiate the provisions of this Section 10.09, the Manager shall provide written notice of an expected Change of Control Transaction to all Members within the earlier of (x) five (5) Business Days following the execution of an agreement with respect to such Change of Control Transaction and (y) ten (10) Business Days before the proposed date upon which the contemplated Change of Control Transaction is to be effected, including in such notice such information as may reasonably describe the Change of Control Transaction, subject to Law, including the date of execution of such agreement or such proposed effective date, as applicable, the amount and types of consideration to be paid for shares of Class A Common Stock in the Change of Control Transaction and any election with respect to types

of consideration that a holder of shares of Class A Common Stock, as applicable, shall be entitled to make in connection with a Change of Control Transaction (which election shall be available to each Member on the same terms as holders of shares of Class A Common Stock). Following delivery of such notice and on or prior to the Change of Control Date, the Members shall take all actions reasonably requested by the Corporation to effect such Redemption in accordance with the terms of Article XI, including taking any action and delivering any document required pursuant to this Section 10.09(a) to effect such Redemption. Notwithstanding the foregoing, in the event the Manager requires the Members to exchange less than all of their outstanding Units (and to surrender a corresponding number of shares of Class B Common Stock for cancellation), each Member's participation in the Change of Control Transaction shall be reduced *pro rata.* In the event that any Unvested Class C Common Incentive Units participate in a Change of Control Transaction, all consideration payable with respect thereto shall (except as otherwise determined by the Manager) be subject to the same vesting, forfeiture and other provisions.

(b) In the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization, or similar transaction with respect to Class A Common Stock (a *"**Pubco Offer**"*) is proposed by the Corporation or is proposed to the Corporation or its stockholders and approved by the Corporate Board or is otherwise effected or to be effected with the consent or approval of the Corporate Board, the Manager shall provide written notice of the Pubco Offer to all Members within the earlier of (i) five (5) Business Days following the execution of an agreement (if applicable) with respect to, or the commencement of (if applicable), such Pubco Offer and (ii) ten (10) Business Days before the proposed date upon which the Pubco Offer is to be effected, including in such notice such information as may reasonably describe the Pubco Offer, subject to Law, including the date of execution of such agreement (if applicable) or of such commencement (if applicable), the material terms of such Pubco Offer, including the amount and types of consideration to be received by holders of shares of Class A Common Stock in the Pubco Offer, any election with respect to types of consideration that a holder of shares of Class A Common Stock, as applicable, shall be entitled to make in connection with such Pubco Offer, and the number of Units (and the corresponding shares of Class B Common Stock) held by such Member that is applicable to such Pubco Offer. The Members (other than the Manager) shall be permitted to participate in such Pubco Offer by delivering a written notice of participation that is effective immediately prior to the consummation of such Pubco Offer (and that is contingent upon consummation of such offer), and shall include such information necessary for consummation of such offer as requested by the Corporation. In the case of any Pubco Offer that was initially proposed by the Corporation, the Corporation shall use reasonable best efforts to enable and permit the Members (other than the Manager) to participate in such transaction to the same extent or on an economically equivalent basis as the holders of shares of Class A Common Stock, and to enable such Members to participate in such transaction without being required to exchange Units or shares of Class B Common Stock prior to the consummation of such transaction. For the avoidance of doubt, in no event shall Members be entitled to receive in such Pubco Offer aggregate consideration for each Common Unit that is greater than the consideration payable in respect of each share of Class A Common Stock in connection with a Pubco Offer (it being understood that

payments under or in respect of the Tax Receivable Agreement shall not be considered part of any such consideration).

(c) In the event that a transaction or proposed transaction constitutes both a Change of Control Transaction and a Pubco Offer, the provisions of Section 10.09(a) shall take precedence over the provisions of Section 10.09(b) with respect to such transaction, and the provisions of Section 10.09(b) shall be subordinate to provisions of Section 10.09(a), and may only be triggered if the Manager elects to waive the provisions of Section 10.09(a).

Section 10.10 Unvested Common Units. With respect to any shares of Class B Common Stock corresponding to Unvested Common Units, the Member holding such shares of Class B Common Stock shall abstain from voting any such shares of Class B Common Stock with respect to any matter to be voted on or considered by the stockholders of the Corporation at any annual or special meeting of the stockholders of the Corporation or action by written consent of the stockholders of the Corporation unless and until such time as such Common Units have vested in accordance with the applicable Equity Plan or Individual Award Agreement.

## ARTICLE XI
## REDEMPTION AND DIRECT EXCHANGE RIGHTS

Section 11.01 Redemption Right of a Member.

(a) At any time and from time to time from and after the date of the IPO, and subject to (A) in the case of Service Provider Members, the terms of any applicable Award Agreement and any Black-Out Period and (B) the waiver or expiration of the lock-up period in the Corporation's IPO or any other contractual lock-up period relating to the shares of the Corporation (or any corresponding Units) that may be applicable to such Member, each Member (other than the Corporation and its Subsidiaries) shall be entitled to cause the Company to redeem (a *"**Redemption**"*) all or any portion of its Common Units (excluding, for the avoidance of doubt, any Common Units that are subject to vesting conditions or the Transfer of which is prohibited pursuant to Sections 10.07(b), 10.07(c) or 10.07(d) of this Agreement) in whole or in part (the "***Redemption Right***"). A Member desiring to exercise its Redemption Right (each, a *"**Redeeming Member**"*) shall exercise such right by giving written notice (the *"**Redemption Notice**"*) to the Company with a copy to the Corporation. The Redemption Notice shall specify the number of Common Units (the *"**Redeemed Units**"*) that the Redeeming Member intends to have the Company redeem and a date, not less than three (3) Business Days nor more than ten (10) Business Days after delivery of such Redemption Notice (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods), on which exercise of the Redemption Right shall be completed (the *"**Redemption Date**"*), *provided,* that the Company, the Corporation and the Redeeming Member may change the number of Redeemed Units and/or the Redemption Date specified in such Redemption Notice to another number and/or date by mutual agreement signed in writing by each of them; *provided, further,* that in the event the Corporation elects a Share Settlement, the Redemption may be conditioned (including as to timing) by the Redeeming Member on the closing of an underwritten distribution of the shares of Class A Common Stock that

may be issued in connection with such proposed Redemption (*provided*, for the avoidance of doubt, that such condition to a Share Settlement, as applicable, shall create no obligation on the part of the Company or the Corporation to initiate or complete an underwritten distribution of such shares). Subject to Section 11.03 and unless the Redeeming Member timely has delivered a Retraction Notice as provided in Section 11.01(c) or has revoked or delayed a Redemption as provided in Section 11.01(d), on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date):

(i) the Redeeming Member shall Transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units to the Company (including any certificates representing the Redeemed Units if they are certificated), and (y) a number of shares of Class B Common Stock (together with any Corresponding Rights) equal to the number of Redeemed Units to the Corporation, to the extent applicable;

(ii) the Company shall (x) cancel the Redeemed Units, (y) transfer to the Redeeming Member the consideration to which the Redeeming Member is entitled under Section 11.01(b), and (z) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to clause (i) of this Section 11.01(a) and the Redeemed Units; and

(iii) the Corporation shall cancel and retire for no consideration the shares of Class B Common Stock (together with any Corresponding Rights) that were Transferred to the Corporation pursuant to Section 11.01(a)(i)(y) above.

(b) The Corporation shall have the option (as determined solely by a majority of its directors who are disinterested) as provided in Section 11.02 to elect to have the Redeemed Units be redeemed in consideration for either a Share Settlement or a Cash Settlement; *provided,* for the avoidance of doubt, that the Corporation may elect to have the Redeemed Units be redeemed in consideration for a Cash Settlement only to the extent that the Corporation has cash available in an amount equal to at least the Redeemed Units Equivalent which was received pursuant to a Secondary Offering. The Corporation shall give written notice (the *"**Election Notice**"*) to the Company (with a copy to the applicable Redeeming Member) of such election within two (2) Business Days of receiving the Redemption Notice; *provided,* that if the Corporation does not timely deliver an Election Notice, the Corporation shall be deemed to have elected the Share Settlement method. If the Corporation elects a Share Settlement (including in connection with a Direct Exchange pursuant to Section 11.03), the Corporation shall deliver or cause to be delivered the number of shares of Class A Common Stock deliverable upon such Share Settlement as promptly as practicable (but not later than three (3) Business Days) after the Redemption Date, at the offices of the then-acting registrar and transfer agent of the shares of Class A Common Stock (or, if there is no then-acting registrar and transfer agent of Class A Common Stock, at the principal executive offices of the Corporation), registered in the name of the relevant Redeeming Member (or in such other name as is requested in writing by the Redeeming Member), in certificated or uncertificated form, as determined by the

Corporation; *provided*, that to the extent the shares of Class A Common Stock are settled through the facilities of The Depository Trust Company, upon the written instruction of the Redeeming Member set forth in the Redemption Notice, the Corporation shall use its commercially reasonable efforts to deliver the shares of Class A Common Stock deliverable to such Redeeming Member through the facilities of The Depository Trust Company, to the account of the participant of The Depository Trust Company designated by such Redeeming Member by no later than the close of business on the Business Day immediately following the Redemption Date. Notwithstanding anything to the contrary in this Agreement or any Award Agreement, in no event may the Company and the Corporation effect a Cash Settlement unless the Redeemed Units have been outstanding and Vested for at least six (6) months prior to the date of the Redemption Notice.

(c) In the event the Corporation elects the Cash Settlement in connection with a Redemption, the Redeeming Member may retract its Redemption Notice by giving written notice (the *"**Retraction Notice**"*) to the Company (with a copy to the Corporation) within three (3) Business Days of delivery of the Election Notice. The timely delivery of a Retraction Notice shall terminate all of the Redeeming Member's, the Company's and the Corporation's rights and obligations under this Section 11.01 arising from the Redemption Notice.

(d) In the event the Corporation elects a Share Settlement in connection with a Redemption, a Redeeming Member shall be entitled to revoke its Redemption Notice or delay the consummation of a Redemption if any of the following conditions exists:

(i) any registration statement pursuant to which the resale of the Class A Common Stock to be registered for such Redeeming Member at or immediately following the consummation of the Redemption shall have ceased to be effective pursuant to any action or inaction by the SEC or no such resale registration statement has yet become effective;

(ii) the Corporation shall have failed to cause any related prospectus to be supplemented by any required prospectus supplement necessary to effect such Redemption;

(iii) the Corporation shall have exercised its right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Redeeming Member to have its Class A Common Stock registered at or immediately following the consummation of the Redemption;

(iv) the Redeeming Member is in possession of any material non-public information concerning the Corporation, the receipt of which results in such Redeeming Member being prohibited or restricted from selling Class A Common Stock at or immediately following the Redemption without disclosure of such information (and the Corporation does not permit disclosure of such information);

(v) any stop order relating to the registration statement pursuant to which the Class A Common Stock was to be registered by such Redeeming Member at or immediately following the Redemption shall have been issued by the SEC;

(vi) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Class A Common Stock is then traded;

(vii) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Redemption; or

(viii) the Corporation shall have failed to comply in all material respects with its obligations under the Registration Rights Agreement, and such failure shall have affected the ability of such Redeeming Member to consummate the resale of Class A Common Stock to be received upon such Redemption pursuant to an effective registration statement.

If a Redeeming Member delays the consummation of a Redemption pursuant to this Section 11.01(d), the Redemption Date shall occur on the fifth (5th) Business Day following the date on which the condition(s) giving rise to such delay cease to exist (or such earlier day as the Corporation, the Company and such Redeeming Member may agree in writing).

(e) The number of shares of Class A Common Stock (or Redeemed Units Equivalent, if applicable) (together with any Corresponding Rights) applicable to any Share Settlement or Cash Settlement shall not be adjusted on account of any Distributions previously made with respect to the Redeemed Units or dividends previously paid with respect to Class A Common Stock; *provided, however,* that if a Redeeming Member causes the Company to redeem Redeemed Units and the Redemption Date occurs subsequent to the record date for any Distribution with respect to the Redeemed Units but prior to payment of such Distribution, the Redeeming Member shall be entitled to receive such Distribution with respect to the Redeemed Units on the date that it is made notwithstanding that the Redeeming Member Transferred and surrendered the Redeemed Units to the Company prior to such date.

(f) In the case of a Share Settlement, in the event a reclassification or other similar transaction occurs following delivery of a Redemption Notice, but prior to the Redemption Date, as a result of which shares of Class A Common Stock are converted into another security, then a Redeeming Member shall be entitled to receive the amount of such other security (and, if applicable, any Corresponding Rights) that the Redeeming Member would have received if such Redemption Right had been exercised and the Redemption Date had occurred immediately prior to the record date of such reclassification or other similar transaction.

(g) Notwithstanding anything to the contrary contained herein, neither the Company nor the Corporation shall be obligated to effectuate a Redemption if such Redemption could reasonably be expected to create a material risk (as determined in the

sole discretion of the Manager) of the Company being treated as a "publicly traded partnership" or to be taxed as a corporation pursuant to Section 7704 of the Code or successor provisions of the Code.

Section 11.02 Election and Contribution of the Corporation. Unless the Redeeming Member has timely delivered a Retraction Notice as provided in Section 11.01(c), or has revoked or delayed a Redemption as provided in Section 11.01(d), subject to Section 11.03 on the Redemption Date (to be effective immediately prior to the close of business on the Redemption Date) (i) the Corporation shall make a Capital Contribution to the Company (in the form of the Share Settlement or the Cash Settlement, as determined by the Corporation in accordance with Section 11.01(b)). and (ii) in the event of a Share Settlement, the Company shall issue to the Corporation a number of Common Units equal to the number of Redeemed Units surrendered by the Redeeming Member. Notwithstanding any other provisions of this Agreement to the contrary, but subject to Section 11.03, in the event that the Corporation elects a Cash Settlement, the Corporation shall only be obligated to contribute to the Company an amount in respect of such Cash Settlement equal to the Redeemed Units Equivalent with respect to such Cash Settlement, which in no event shall exceed the amount actually paid by the Company to the Redeeming Member as the Cash Settlement. The timely delivery of a Retraction Notice shall terminate all of the Company's and the Corporation's rights and obligations under this Section 11.02 arising from the Redemption Notice.

Section 11.03 Direct Exchange Right of the Corporation.

(a) Notwithstanding anything to the contrary in this Article XI (save for the limitations set forth in Section 11.01(b) regarding the Corporation's option to select the Share Settlement or the Cash Settlement, and without limitation to the rights of the Members under Section 11.01, including the right to revoke a Redemption Notice), the Corporation may, in its sole and absolute discretion (as determined solely by a majority of its directors who are disinterested) (subject to the timing limitations set forth on such discretion in Section 11.01(b)), elect to effect on the Redemption Date the exchange of Redeemed Units for the Share Settlement or the Cash Settlement, as the case may be, through a direct exchange of such Redeemed Units and the Share Settlement or the Cash Settlement, as applicable, between the Redeeming Member and the Corporation (a *"**Direct Exchange**"*) (rather than contributing the Share Settlement or the Cash Settlement, as the case may be, to the Company in accordance with Section 11.02 for purposes of the Company redeeming the Redeemed Units from the Redeeming Member in consideration of the Share Settlement or the Cash Settlement, as applicable). Upon such Direct Exchange pursuant to this Section 11.03, the Corporation shall acquire the Redeemed Units and shall be treated for all purposes of this Agreement as the owner of such Units.

(b) The Corporation may, at any time prior to a Redemption Date (including after delivery of an Election Notice pursuant to Section 11.01(b)), deliver written notice (an *"**Exchange Election Notice**"*) to the Company and the Redeeming Member setting forth its election to exercise its right to consummate a Direct Exchange; *provided*, that such election is subject to the limitations set forth in Section 11.01(b) and does not unreasonably prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. An Exchange Election Notice may be revoked by the Corporation at any

time; *provided*, that any such revocation does not unreasonably prejudice the ability of the parties to consummate a Redemption or Direct Exchange on the Redemption Date. The right to consummate a Direct Exchange in all events shall be exercisable for all of the Redeemed Units that would have otherwise been subject to a Redemption.

(c) Except as otherwise provided by this Section 11.03, a Direct Exchange shall be consummated pursuant to the same timeframe as the relevant Redemption would have been consummated if the Corporation had not delivered an Exchange Election Notice and as follows:

(i) the Redeeming Member shall transfer and surrender, free and clear of all liens and encumbrances (x) the Redeemed Units and (y) a number of shares of Class B Common Stock (together with any Corresponding Rights) equal to the number of Redeemed Units, to the extent applicable, in each case, to the Corporation;

(ii) the Corporation shall (x) issue or pay to the Redeeming Member the Share Settlement or the Cash Settlement, as applicable, and (y) cancel and retire for no consideration the shares of Class B Common Stock (together with any Corresponding Rights) that were Transferred to the Corporation pursuant to Section 11.03(c)(i)(y) above; and

(iii) the Company shall (x) register the Corporation as the owner of the Redeemed Units and (y) if the Units are certificated, issue to the Redeeming Member a certificate for a number of Common Units equal to the difference (if any) between the number of Common Units evidenced by the certificate surrendered by the Redeeming Member pursuant to Section 11.03(c)(i)(x) and the Redeemed Units, and issue to the Corporation a certificate for the number of Redeemed Units.

Section 11.04 Reservation of shares of Class A Common Stock; Listing; Certificate of the Corporation.

(a) At all times the Corporation shall reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon a Share Settlement in connection with a Redemption or Direct Exchange, such number of shares of Class A Common Stock as shall be issuable upon any such Share Settlement pursuant to a Redemption or Direct Exchange; *provided*, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of any such Share Settlement pursuant to a Redemption or Direct Exchange by delivery of purchased Class A Common Stock (which may or may not be held in the treasury of the Corporation) or by way of Cash Settlement. The Corporation shall deliver Class A Common Stock that has been registered under the Securities Act with respect to any Share Settlement pursuant to a Redemption or Direct Exchange to the extent a registration statement is effective and available with respect to such shares; *provided*, all such unregistered shares of Class A Common Stock (if any) shall be entitled to the registration rights set forth in the Registration Rights Agreement if the holders thereof are party to the Registration Rights Agreement and have such rights thereunder. The Corporation shall use its commercially reasonable efforts to list the Class A Common Stock required to be

delivered upon any such Share Settlement pursuant to a Redemption or Direct Exchange prior to such delivery upon each national securities exchange upon which the outstanding shares of Class A Common Stock are listed at the time of such Share Settlement pursuant to a Redemption or Direct Exchange (it being understood that any such shares may be subject to transfer restrictions under applicable securities Laws). The Corporation covenants that all shares of Class A Common Stock issued in connection with a Share Settlement pursuant to a Redemption or Direct Exchange will, upon issuance, be validly issued, fully paid and non-assessable. The provisions of this Article XI shall be interpreted and applied in a manner consistent with any corresponding provisions of the Corporation's certificate of incorporation (if any).

(b) Prior to any Redemption or Direct Exchange effected pursuant to this Agreement, the Corporation shall take all such steps as may be required to cause to qualify for exemption under Rule 16b-3(d) or (e), as applicable, under the Exchange Act, and to be exempt for purposes of Section 16(b) under the Exchange Act, any acquisitions from, or dispositions to, the Corporation of equity securities of the Corporation (including derivative securities with respect thereto) and any securities that may be deemed to be equity securities or derivative securities of the Corporation for such purposes that result from the transactions contemplated by this Agreement, by each officer or director of the Corporation, including any director by deputization. The authorizing resolutions shall be approved by either the Corporate Board or a committee thereof composed solely of two or more Non-Employee Directors (as defined in Rule 16b-3) of the Corporation with the authorizing resolutions specifying the name of each such director whose acquisition or disposition of securities is to be exempted and the number of securities that may be acquired and disposed of by each such Person pursuant to this Agreement.

Section 11.05 Exchange of Class C Common Incentive Units. From and after the date of the IPO, and subject to (A) in the case of Service Provider Members, the terms of any applicable Award Agreement and any Black-Out Period and (B) the waiver or expiration of the lock-up period in the Corporation's IPO or any other contractual lock-up period relating to the shares of the Corporation (or any corresponding Units) that may be applicable to such Member, each Member (other than the Manager) shall be entitled to cause the Company to exchange (an *"**Exchange**"*) its vested Class C Common Incentive Units, in whole or in part (the ***"Exchange Right"***) at any time and from time to time for a number of New Common Units determined with respect to such vested Class C Common Incentive Units and in accordance with the terms set forth below; provided, that such Exchange shall not be permitted if such Class C Common Incentive Units would be entitled to zero New Common Units pursuant to this Section 11.05. A Member desiring to exercise its Exchange Right (an "Exchanging Member") shall exercise such right by giving written notice (including, if permitted by the Company, in electronic form) (the "***Exchange Notice***") to the Company and the Corporation. The Exchange Notice shall specify the number and identity (including the relevant then-unsatisfied Class C Common Incentive Unit Return Threshold) of Class C Common Incentive Units (the *"**Exchanged Class C Common Incentive Units**"*) that the Exchanging Member intends to have the Company exchange and a date, not less than two (2) Business Days nor more than ten (10) Business Days after delivery of such Exchange Notice (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods), on which exercise of the Exchange Right shall be completed (the ***"Exchange Date"***); provided, that the Company and the Exchanging Member may change the number of

Exchanged Class C Common Incentive Units and/or the Exchange Date specified in such Exchange Notice to another number and/or date by mutual agreement signed in writing (including, if permitted by the Company, in electronic form) by each of the Company and PubCo. On the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date): (a) the Exchanging Member shall Transfer and surrender, free and clear of all liens and encumbrances, the Exchanged Class C Common Incentive Units to the Company and (b) the Company shall (i) cancel the Exchanged Class C Common Incentive Units, (ii) issue to the Exchanging Member the New Common Units applicable to the Exchanged Class C Common Incentive Units and (iii) if the Exchanged Class C Common Incentive Units are certificated, issue to the Exchanging Member a certificate for a number of Class C Common Incentive Units equal to the difference (if any) between the number of Class C Common Incentive Units evidenced by the certificate surrendered by the Exchanging Member and the Exchanged Class C Common Incentive Units. Upon issuance of the New Common Units, such New Common Units shall immediately be subject to all of the provisions herein applicable to Common Units, including the Redemption provisions contained in this Article XI, and notwithstanding anything herein to the contrary, immediately upon consummation of any Exchange, the Exchanging Member shall be required to initiate its Redemption Right with respect to the New Common Units received in such Exchange, and therefore the provisions of the foregoing Section 11.01 shall be deemed to apply as though the applicable Member had sent a Redemption Notice thereunder on the date that it sent the Exchange Notice under this Section 11.05, such that the Redemption occurs on the same day as, and immediately following, the Exchange.

Section 11.06 Effect of Exercise of Redemption or Direct Exchange. This Agreement shall continue notwithstanding the consummation of a Redemption or Direct Exchange by a Member and all rights set forth herein shall continue in effect with respect to the remaining Members and, to the extent the Redeeming Member has a remaining Unit following such Redemption or Direct Exchange, the Redeeming Member. No Redemption or Direct Exchange shall relieve a Redeeming Member, the Company or the Corporation of any prior breach of this Agreement by such Redeeming Member, the Company or the Corporation.

Section 11.07 Tax Treatment. Unless otherwise required by applicable Law, the parties hereto acknowledge and agree that a Redemption or a Direct Exchange, as the case may be, shall be treated as a direct exchange between the Corporation and the Redeeming Member for U.S. federal and applicable state and local income tax purposes.

Section 11.08 Company Exchange and Redemption Right. At any time following the occurrence of a Triggering Event with respect to a Member, the Company shall have the right to (a) require such Member and its Affiliates to engage in an Exchange pursuant to Section 11.05 covering all, but not less than all, of the Class C Common Incentive Units held by such Member and subsequently (b) require such Member and its Affiliates to engage in a Redemption transaction with the Company covering all, but not less than all, of the Units held by such Member (including, for the avoidance of doubt, any Common Units received by such Member and its Affiliates pursuant to any Exchange under clause (a) (the "***Company Redemption Right***"). The Company shall exercise the Company Redemption Right by delivering written notice to such Member (the "***Company Redemption Notice***"), which notice shall specify the Redemption Date and whether the redemption shall be effected through a Cash Settlement, a Share Settlement or a Direct Exchange. The Member whose Units are the subject of the Redemption Notice shall not have the

right to deliver a Retraction Notice or otherwise cancel or reverse the Company's decision to proceed with the Redemption. Except as otherwise provided in this Section 11.07, the Company Redemption Right shall be settled in accordance with the provisions of this Article XI. Notwithstanding anything in this Article XI, the Company's right to cause a Redemption and/or Exchange under this Section shall apply to any and all Units (including those Units that are subject to vesting conditions held by a Member and its Affiliates), and any Shares received in exchange or redemption of any such Units which are subject to vesting conditions shall be subject to the same vesting conditions and in the same proportions as such Units.

## ARTICLE XII
## ADMISSION OF MEMBERS

Section 12.01 Substituted Members. Subject to the provisions of Article X hereof, in connection with the Permitted Transfer of a Unit hereunder, the Permitted Transferee shall become a Substituted Member on the effective date of such Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company, including the Schedule of Members.

Section 12.02 Additional Members. Subject to the provisions of Article X hereof, any Person that is not a Member as of the Effective Date may be admitted to the Company as an additional Member (any such Person, an *"**Additional Member**"*) only upon furnishing to the Manager (a) duly executed Joinder and counterparts to any applicable Other Agreements and (b) such other documents or instruments as may be reasonably necessary or appropriate to effect such Person's admission as a Member (including entering into such documents as may reasonably be requested by the Manager). Such admission shall become effective on the date on which the Manager determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company, including the Schedule of Members.

## ARTICLE XIII
## WITHDRAWAL AND RESIGNATION; TERMINATION OF RIGHTS

Section 13.01 Withdrawal and Resignation of Members. Except in the event of Transfers pursuant to Section 10.06 and the Manager's right to resign pursuant to Section 6.03, no Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to Article XIV. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of the Company pursuant to Article XIV, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to Article XIV, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Section 10.06, such Member shall cease to be a Member.

ARTICLE XIV
DISSOLUTION AND LIQUIDATION

Section 14.01 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members or the attempted withdrawal, removal, dissolution, bankruptcy or resignation of a Member. The Company shall dissolve, and its affairs shall be wound up, upon:

(a) the decision of the Manager together with the written approval of the Members holding a majority of the Common Units to dissolve the Company (excluding for purposes of such calculation the Corporation and all Common Units held directly or indirectly by it);

(b) a dissolution of the Company under Section 18-801(4) of the Delaware Act, unless the Company is continued without dissolution pursuant thereto;

(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act; or

(d) the termination of the legal existence of the last remaining Member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining Member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act.

Except as otherwise set forth in this Article XIV, the Company is intended to have perpetual existence. An Event of Withdrawal shall not in and of itself cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

Section 14.02 Winding up. Subject to Section 14.05, on dissolution of the Company, the Manager shall act as liquidating trustee or may appoint one or more Persons as liquidating trustee (each such Person, a *"**Liquidator**"*). The Liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as an expense of the Company. Until final distribution, the Liquidators shall, to the fullest extent permitted by applicable Law, continue to operate the properties of the Company with all of the power and authority of the Manager. The steps to be accomplished by the Liquidators are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the Liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the Liquidators shall pay, satisfy or discharge from the Company's funds, or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash fund for contingent, conditional and unmatured liabilities in such amount and for such term as the liquidators may reasonably determine) the following: first, all of the debts, liabilities and obligations of the Company owed to

creditors other than the Members in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof), including all expenses incurred in connection with the liquidations; and second, all of the debts, liabilities and obligations of the Company owed to the Members (other than any payments or distributions owed to such Members in their capacity as Members pursuant to this Agreement); and

(c) following any payments pursuant to the foregoing Section 14.02(b), all remaining assets of the Company shall be distributed to the Members in accordance with Section 4.01(a) by the end of the Taxable Year during which the liquidation of the Company occurs (or, if later, by ninety (90) days after the date of the liquidation).

The distribution of cash and/or property to the Members in accordance with the provisions of this Section 14.02 and Section 14.03 below shall constitute a complete return to the Members of their Capital Contributions, a complete distribution to the Members of their interest in the Company and all of the Company's property and shall constitute a compromise to which all Members have consented within the meaning of the Delaware Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 14.03 Deferment; Distribution in Kind. Notwithstanding the provisions of Section 14.02, but subject to the order of priorities set forth therein, if upon dissolution of the Company the Liquidators determine that an immediate sale of part or all of the Company's assets would be impractical or would cause undue loss (or would otherwise not be beneficial) to the Members, the Liquidators may, in their sole discretion and the fullest extent permitted by applicable Law, defer for a reasonable time the liquidation of any assets except those necessary to satisfy the Company's liabilities (other than loans to the Company by any Member(s)) and reserves. Subject to the order of priorities set forth in Section 14.02, the Liquidators may, in their sole discretion, distribute to the Members, in lieu of cash, either (a) all or any portion of such remaining assets in-kind of the Company in accordance with the provisions of Section 14.02(c), (b) as tenants in common and in accordance with the provisions of Section 14.02(c), undivided interests in all or any portion of such assets of the Company or (c) a combination of the foregoing. Any such Distributions in-kind shall be subject to (y) such conditions relating to the disposition and management of such assets as the Liquidators deem reasonable and equitable and (z) the terms and conditions of any agreements governing such assets (or the operation thereof or the holders thereof) at such time. Any assets of the Company distributed in kind will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Article V. The Liquidators shall determine the Fair Market Value of any property distributed.

Section 14.04 Cancellation of Certificate. On completion of the winding up of the Company as provided herein, the Manager (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation of the Certificate with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that should be canceled and take such other actions as may be necessary to terminate the existence of the Company. The Company shall continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 14.04.

Section 14.05 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Sections 14.02 and 14.03 in order to minimize any losses otherwise attendant upon such winding up.

Section 14.06 Return of Capital. The Liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from assets of the Company).

## ARTICLE XV
## GENERAL PROVISIONS

Section 15.01 Power of Attorney.

(a) Each Member hereby constitutes and appoints the Manager (or the Liquidator, if applicable) with full power of substitution, as his or her true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) this Agreement, all certificates and other instruments and all amendments thereof which the Manager deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (B) all instruments which the Manager deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (C) all conveyances and other instruments or documents which the Manager deems appropriate or necessary to reflect the dissolution, winding up and termination of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; (D) all instruments relating to the admission, substitution or resignation of any Member pursuant to Article XII or Article XIII; and (E) the limited liability company agreement for New RSG Holdings and other instruments in connection with the formation and initial capitalization thereof as contemplated by Section 15.18 of this Agreement; and

(ii) sign, execute, swear to and acknowledge all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the reasonable judgment of the Manager, to evidence, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Members hereunder or is consistent with the terms of this Agreement, in the reasonable judgment of the Manager, to effectuate the terms of this Agreement.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the transfer of all or any portion of his, her or its Units and shall extend to such Member’s heirs, successors, assigns and personal representatives.

Section 15.02 Confidentiality.

Each of the Members (other than the Corporation) agrees that, without limiting the applicability of any other agreement to which any Member may be subject, no Member shall directly or indirectly disclose or use (other than solely for the purpose of such Member monitoring and analyzing such Member's investment made herein) at any time, including without limitation use for commercial or proprietary advantage or profit, either during his, her or its association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft. *"**Confidential Information**"* as used herein includes all nonpublic information concerning the Company or its Subsidiaries including, but not limited to, ideas, business strategies, innovations and materials, all aspects of the Company's business plan, proposed operation and products, operating practices and methods, corporate structure, financial and organizational information, analyses, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, designs, employees and their identities, equity ownership, the methods and means by which the Company plans to conduct its business, all trade secrets, trademarks, tradenames and all intellectual property associated with the Company's business. With respect to each Member, Confidential Information does not include information or material that:

(a) (i) is rightfully in the possession of such Member at the time of disclosure by the Company; (ii) before or after it has been disclosed to such Member by the Company, becomes part of public knowledge, not as a result of any action or inaction of such Member in violation of this Agreement; or (iii) is approved for release by written authorization of the Corporate Board or the Manager, or any other officer designated by the Manager.

(b) Notwithstanding the foregoing, a Member may disclose Confidential Information to the extent (i) the disclosure is necessary for the Member and/or the Company's employees, agents, representatives and advisors to fulfill their duties to the Company pursuant to this Agreement and/or other written agreements or (ii) the disclosure is required by Law, court order, subpoena or legal process or to comply with the requirements of a state or federal regulatory authority.

(c) Upon expiration or other termination of a Member's interest in the Company, that Member may not take any of the Confidential Information, and that Member shall promptly return to the Company all Confidential Information in that Member's possession or control.

Section 15.03 Amendments. Except as otherwise contemplated by this Agreement, this Agreement may be amended or modified upon the written consent of the Manager, together with the written consent of the holders of a majority of the Common Units then outstanding (excluding all Common Units held directly or indirectly by the Corporation). Notwithstanding the foregoing, no amendment or modification:

(a) to this Section 15.03 may be made without the prior written consent of the Manager and the holders of a majority of the Units;

(b) to any of the terms and conditions of this Agreement which terms and conditions expressly require the approval or action of certain Persons may be made without obtaining the consent of the requisite number or specified percentage of such Persons who are entitled to approve or take action on such matter; and

(c) to any of the terms and conditions of this Agreement which would (A) reduce the amounts distributable to a Member pursuant to Articles IV and XIV in a manner that is not *pro rata* with respect to all Members, (B) increase the liabilities of such Member hereunder, (C) otherwise materially and adversely affect a holder of Units (with respect to such Units) in a manner materially disproportionate to any other holder of Units of the same class or series (with respect to such Units) (other than amendments, modifications and waivers necessary to implement the provisions of Article XII) or (D) materially and adversely affect the rights of any Member under Section 3.04, Section 3.05, Section 7.01, Section 7.04, Article X or Article XI, shall be effective against such affected Member or holder of Units, as the case may be, without the prior written consent of the holders a majority of such affected Units, as the case may be.

Notwithstanding any of the foregoing, the Manager may make any amendment (i) of an administrative nature that is necessary in order to implement the substantive provisions hereof, without the consent of any other Member; *provided*, that any such amendment does not adversely change the rights of the Members hereunder in any respect, or (ii) to reflect any changes to the Class A Common Stock or Class B Common Stock or the issuance of any other capital stock of the Corporation; *provided*, that in each case of the foregoing clauses and notwithstanding anything herein to the contrary, so long as the Tax Receivable Agreement remains outstanding and in effect, no amendment or modification may be made to this Agreement that is adverse to the TRA Holders without the prior written consent of a majority of the TRA Holder Representative (as defined in the Tax Receivable Agreement).

Section 15.04 Title to Company Assets. Company assets shall be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such assets of the Company or any portion thereof. The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. All assets of the Company shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such assets is held. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for, or in payment of, any individual obligation of any Member.

Section 15.05 Addresses and Notices. All notices and other communications to be given to any party hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered by hand, courier or overnight delivery service, or when received in the form of an electronic transmission (receipt confirmation requested), and shall be directed to the address set forth, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the Company or the sending party.

To the Company:

New RSG Holdings, LLC

Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn:
Email:

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Corporation:

Ryan Specialty Group Holdings, Inc.
Two Prudential Plaza
180 N. Stetson
Suite 4600
Chicago, IL 60601
Attn:
Email:

with a copy (which copy shall not constitute notice) to:

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, IL 60654
Attn: Robert M. Hayward, P.C.
Facsimile: (312) 862-2200
E-mail: rhayward@kirkland.com

To the Members, as set forth on the Schedule of Members.

Section 15.06 Binding Effect; Intended Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.07 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Profits, Losses, Distributions, capital or property of the Company other than as a secured creditor.

Section 15.08 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 15.09 Counterparts. This Agreement may be executed in separate counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 15.10 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Any suit, dispute, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be heard in the state or federal courts of the State of Delaware, and the parties hereby consent to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT) AND SHALL HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF DELAWARE. WITHOUT LIMITING THE FOREGOING, TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES AGREE THAT SERVICE OF PROCESS UPON SUCH PARTY AT THE ADDRESS REFERRED TO IN SECTION 15.05 (INCLUDING BY PREPAID CERTIFIED MAIL WITH A VALIDATED PROOF OF MAILING RECEIPT), TOGETHER WITH WRITTEN NOTICE OF SUCH SERVICE TO SUCH PARTY, SHALL BE DEEMED EFFECTIVE SERVICE OF PROCESS UPON SUCH PARTY.

Section 15.11 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 15.12 Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.13 Execution and Delivery by Electronic Signature and Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby or entered into by the Company in accordance herewith, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic signature and/or electronic transmission, including by a facsimile machine or via

email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic signature or electronic transmission to execute and/or deliver a document or the fact that any signature or agreement or instrument was transmitted or communicated through such electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 15.14 Right of Offset. Whenever the Company or the Corporation is to pay any sum (other than pursuant to Article IV) to any Member, any amounts that such Member owes to the Company or the Corporation which are not the subject of a good faith dispute may be deducted from that sum before payment. For the avoidance of doubt, the distribution of Units to the Corporation shall not be subject to this Section 15.14.

Section 15.15 Entire Agreement. This Agreement, those documents expressly referred to herein (including the Registration Rights Agreement and the Tax Receivable Agreement), any indemnity agreements entered into in connection with the Previous LLC Agreement with any member of the board of directors at that time and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way. For the avoidance of doubt, the Previous LLC Agreement is superseded by this Agreement as of the Effective Date and shall be of no further force and effect thereafter.

Section 15.16 Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any Law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by Law.

Section 15.17 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words “or,” “either” and

"any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 15.18 Holding Company. The Members acknowledge and agree that the Company is intended to serve as a holding company for RSG LLC, and that for each Unit issued by the Company, it is intended that the Company will own a corresponding unit issued by RSG LLC (a "***Subsidiary Mirror Unit***"). Each Subsidiary Mirror Unit is intended to have the same economic terms and entitlements as a corresponding Unit issued by the Company, and in the case of a Class C Common Incentive Unit, each corresponding Subsidiary Mirror Unit (a "Subsidiary Mirror Incentive Unit") shall be subject to the same terms, conditions and limitations (including applicable participation thresholds) as the applicable Unit issued by the Company. The Company shall take any action as the Manager determines in its sole discretion is necessary or appropriate to implement the intention of the Members described in this Section 15.18, including, without limitation, the contribution to RSG LLC of cash or other property in exchange for additional Subsidiary Mirror Units, the conversion of Subsidiary Mirror Incentive Units into another class of Subsidiary Mirror Unit in connection with any Exchange described in Section 11.05, the redemption of Subsidiary Mirror Units in connection with a redemption of corresponding Units (other than any redemption contemplated by Section 11.01 of this Agreement), and any similar or related action in connection with any of the foregoing.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Amended and Restated Limited Liability Company Agreement as of the date first written above.

**MANAGER:**

**RYAN SPECIALTY GROUP HOLDINGS, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**UNITHOLDERS:**

**RYAN SPECIALTY GROUP HOLDINGS, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**RSG INTERMEDIATE HOLDCO, INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**ONEX RSG HOLDINGS I INC.**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer

**OTHER UNITHOLDERS:**

By: /s/ Patrick G. Ryan
Name: Patrick G. Ryan
Title: Chairman and Chief Executive Officer of Ryan Specialty Group Holdings, Inc.

Acting as attorney-in-fact for certain Unitholders of New RSG Holdings, LLC

**Exhibit 31.1**

**Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Patrick G. Ryan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ryan Specialty Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2021

/s/ Patrick G. Ryan

Patrick G. Ryan

*Chief Executive Officer and Chairman*

**Exhibit 31.2**

**Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002**

I, Jeremiah R. Bickham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ryan Specialty Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2021

/s/ Jeremiah R. Bickham

Jeremiah R. Bickham

*Executive Vice President and Chief Financial Officer*

**Exhibit 32.1**

**Certification of the Chief Executive Officer**

**Pursuant to Rule 18 U.S.C. Section 1350**

In connection with the Quarterly Report on Form 10-Q of Ryan Specialty Group Holdings, Inc. (the "Company") for the period ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Patrick G. Ryan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2021

/s/ Patrick G. Ryan

Patrick G. Ryan
*Chief Executive Officer and Chairman*

**Exhibit 32.2**

**Certification of the Chief Financial Officer**

**Pursuant to Rule 18 U.S.C. Section 1350**

In connection with the Quarterly Report on Form 10-Q of Ryan Specialty Group Holdings, Inc. (the "Company") for the period ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Jeremiah R. Bickham, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2021

/s/ Jeremiah R. Bickham

Jeremiah R. Bickham
Executive Vice President and Chief
Financial Officer