OPPENHEIMER HOLDINGS INC
Form 424B3
August 16, 2017
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Filed Pursuant to Rule 424(b)(3)
Registration Statement No.
333-219753

PROSPECTUS

$200,000,000

OPPENHEIMER HOLDINGS INC.

EXCHANGE OFFER FOR
6.75% SENIOR SECURED NOTES DUE 2022

Offer to exchange $200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022 (which we refer to as the old notes) for $200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended (the Securities Act).

The exchange offer will expire at 5:00 p.m., New York City time, on September 14, 2017, unless we extend the exchange offer in our sole and absolute discretion.

Terms of the exchange offer:

- We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.

- You may withdraw tenders of old notes at any time prior to the expiration or termination of the exchange offer.

- The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.

- The exchange of old notes for new notes will not be a taxable transaction for U.S. federal income tax purposes. You should see the discussion under the caption U.S. Federal Income Tax Considerations for more information.

- We will not receive any proceeds from the exchange offer.

- We issued the old notes in a transaction not requiring registration under the Securities Act, and as a result, their transfer is restricted. We are making the exchange offer to satisfy your registration rights, as a holder of the old notes.

There is no established trading market for the new notes or the old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period ending on the earlier of (i) 90 days from the date on which this registration statement is declared effective and (ii) the date on which a broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

See Risk Factors beginning on page 21 for a discussion of risks you should consider prior to tendering your outstanding old notes for exchange.

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

The date of this prospectus is August 16, 2017.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in or incorporated by reference in this prospectus include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements contained in this prospectus or incorporated by reference that are not historical facts are identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Securities and Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act). Forward-looking statements are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs, and assumptions that we believe are reasonable but are not guarantees of future events and results. Actual future events and our results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors.

Factors that could cause actual results to differ materially from those contemplated in our forward-looking statements include, among others:

- transaction volume in the securities markets;
- the volatility of the securities markets;
- fluctuations in interest rates;
- changes in regulatory requirements which could affect the cost and method of doing business and reduce returns;
- fluctuations in currency rates;
- general economic conditions, both domestic and international, including fluctuating oil prices;
- changes in the rate of inflation and the related impact on the securities markets;
- competition from existing financial institutions and other participants in the securities markets;

- legal developments affecting the litigation experience of the securities industry and us, including developments arising from the failure of the Auction Rate Securities markets, the trading of low-priced securities, stepped up enforcement efforts by the SEC, Financial Crimes Enforcement Network, Financial Industry Regulatory Authority (FINRA) and other regulators and the results of pending litigation and regulatory proceedings involving us;

- changes in foreign, federal and state tax laws which could affect the popularity of products sold by us or impose taxes on securities transactions;

- applications and enforcement of the U.S. Department of Labor (DOL) retirement rules and regulations;

- the effectiveness of efforts to reduce costs and eliminate overlap;

- war and nuclear confrontation as well as political unrest and regime changes, health epidemics and economic crisis in foreign countries;

- our ability to achieve our business plan;

- corporate governance issues;

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- the impact of the credit crisis and tight credit markets on business operations;

- the effect of bailout, financial reform and related legislation, including, without limitation, the Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the Volcker Rule (as defined herein) and the rules and regulations thereunder and the new DOL rule (*see* Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory and Legal Environment in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (our Second Quarter 10-Q));

- the consolidation of the banking and financial services industry;

- the effects of the economy on our ability to find and maintain financing options and liquidity;

- credit, operations, legal and regulatory risks;

- risks related to foreign operations, including those in the United Kingdom which may be affected by Britain s June 23, 2016 referendum to exit the EU (Brexit);

- risks related to the downgrade of U.S. long-term sovereign debt obligations and the sovereign debt of European nations;

- risks related to the manipulation of the London Interbank Offered Rate (LIBOR) and concerns over high speed trading;

- potential cyber security threats;

- the effect of technological innovation on our industry and business;

- risks related to the lowering by S&P Global Ratings (S&P) or Moody s Investors Service, Inc. (Moody s) of its rating on us and our long-term debt;

- risks related to elections results, Congressional gridlock, government shutdowns and investigations, changes in or uncertainty surrounding regulations and threats of default by the federal government; and

- the factors set forth under Risk Factors in this prospectus and other factors described in our filings with the Securities and Exchange Commission (the SEC), including under the section Management s Discussion and Analysis of Financial Condition and Results of Operations in our Second Quarter 10-Q.

We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

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SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus. This summary may not contain all of the information that you should consider before buying any of the notes. You should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements incorporated into this prospectus by reference.

In this prospectus, except as otherwise indicated or as the content otherwise requires, the terms *Company, we, us, and our refer to Oppenheimer Holdings Inc. and its consolidated subsidiaries. We refer to the directly and indirectly owned subsidiaries of Oppenheimer Holdings Inc. collectively as the Operating Subsidiaries.*

Our Company

Company Overview

We, through our Operating Subsidiaries, are a leading middle-market investment bank and full service broker-dealer. With roots tracing back to 1881, we are engaged in a broad range of activities in the financial services industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), research, market-making, trust services and investment advisory and asset management services. We own, directly or through our subsidiaries, Oppenheimer & Co. Inc. (Oppenheimer), a New York-based securities broker-dealer, Oppenheimer Asset Management Inc. (OAM), a New York-based investment adviser, Freedom Investments, Inc. (Freedom), a discount securities broker-dealer based in New Jersey, and Oppenheimer Trust Company (Oppenheimer Trust), a Delaware limited purpose bank. Our international businesses are carried on through Oppenheimer Europe Ltd. (United Kingdom), Oppenheimer Investments Asia Limited (Hong Kong), and Oppenheimer Israel (OPCO) Ltd. (Israel) (OIL).

For the six months ended June 30, 2017, our revenues were $429 million compared with revenues of $427 million for the six months ended June 30, 2016. For the fiscal year 2016, our revenues were approximately $858 million compared with revenues of $898 million for the fiscal year 2015.

For the twelve months ended June 30, 2017, our Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin were $18.0 million and 2.1%, respectively, compared with Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin of $19.2 million and 2.1%, respectively, for the twelve months ended June 30, 2016. For the fiscal year 2016, our Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin were $18.7 million and 2.1%, respectively, compared with Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin of $30.8 million and 3.3%, respectively, for the fiscal year 2015.

At June 30, 2017, our client assets under administration and assets under management were $81.2 billion and $26.1 billion, respectively, compared with client assets under administration and assets under management of $78.7 billion and $24.3 billion, respectively, at June 30, 2016. At December 31, 2016, our client assets under administration and assets under management were $77.2 billion and $24.8 billion, respectively,

compared with client assets under administration and assets under management of $78.7 billion and $24.1 billion, respectively, at December 31, 2015.

At June 30, 2017, we employed 3,047 employees (2,969 full-time and 78 part-time), of whom approximately 1,132 were financial advisers. We are headquartered in New York, New York and incorporated under the laws of the state of Delaware.

Private Client

Through our Private Client division, we provide a comprehensive array of financial services. As of June 30, 2017, we provided our services from 94 offices in 24 states. Clients include high-net-worth individuals and families,

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corporate executives, trusts and foundations and small and mid-sized businesses. Clients may choose a variety of ways to establish a relationship and conduct business including brokerage accounts with transaction-based pricing and/or investment advisory accounts with asset-based fee pricing. We provide the following private client services: Full-Service Brokerage, Wealth Planning and Margin Lending. The Private Client division generated revenues of $277.6 million and $504.2 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively. Client assets under administration were $81.2 billion at June 30, 2017 compared with $77.2 billion at December 31, 2016.

Asset Management

Through OAM, our investment advisory affiliate, we manage our advisory programs and alternative investments business. The business includes discretionary and non-discretionary fee-based programs sponsored by Oppenheimer, OAM, Oppenheimer Investment Advisers (OIA) and Oppenheimer Investment Management LLC (OIM), as well as alternative investments sponsored through Advantage Advisers Multi Manager LLC and Oppenheimer Alternative Investment Management LLC.

OAM offers a wide range of tailored investment management solutions and services to high net worth private clients, institutions and investment advisers. These include, but are not limited to, portfolio management, manager research and due diligence, asset allocation advice and financial planning. Proprietary and third party investment management capabilities are offered through separately managed accounts, alternative investments and discretionary and non-discretionary portfolio management programs. Platform support functions include sales and marketing along with administrative services such as trade execution, client services, records management and client reporting. Clients investing in the OAM advisory program are charged fees based on the value of assets under management. Prior to January 1, 2017, advisory fees were allocated 22.5% to the Asset Management and 77.5% to the Private Client segments. Starting January 1, 2017, the Company determined it was appropriate to change the allocation to 10.0% to the Asset Management and 90.0% to the Private Client segments due to changes in the mix of the business over time and related costs.

Our asset management services include: Separate Managed Accounts, Mutual Fund Managed Accounts, Discretionary Advisory Accounts, Non-Discretionary Advisory Accounts, Alternative Investments, Portfolio Enhancement Program, Oppenheimer Investment Advisers and Oppenheimer Investment Management LLC. The Asset Management division generated revenues of $37.9 million and $92.9 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively. At June 30, 2017, we had $26.1 billion of client assets under fee-based management programs compared to $24.8 billion at December 31, 2016.

Capital Markets

Our Capital Markets division generated revenues of $109.6 million and $254.9 million for the six months ended June 30, 2017 and the fiscal year 2016, respectively.

Investment Banking

Our investment banking group employs approximately 100 investment banking professionals throughout the United States as well as investment bankers in Europe and Israel. Our investment banking division provides strategic advisory services and capital markets products to emerging growth and middle market businesses as well as financial sponsors. The investment banking industry coverage groups focus on certain sectors including consumer and business services, energy, financial institutions and real estate, healthcare, industrial growth and services, and technology, media and communications. In our Mergers and Acquisitions division, we advise buyers and sellers on sales, divestitures, mergers, acquisitions, tender offers, privatizations, restructurings, spin-offs and joint ventures. In our Equities division, we provide capital raising solutions for corporate clients through initial public offerings, follow-on offerings, equity-linked offerings, private investments in public entities, and private placements. Our Leveraged Finance and Fixed Income group offers a full range of debt financing for emerging growth and middle market companies and financial sponsors as well as sovereign and corporate issuers in emerging market countries.

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Equities Division

Our Institutional Equity Sales and Trading group provides execution services and access to all major U.S. equity exchanges and alternative execution venues, in addition to capital markets/origination, various arbitrage strategies, portfolio and electronic trading. Our Equity Research analysts cover 500 equity securities worldwide and provide regular research reports, notes and earnings updates and also sponsors numerous research conferences where the management of covered companies can meet with investors in a group format as well as in one-on-one meetings. Our Equity and Derivatives and Index Options groups offer extensive equity and index options strategies for investors seeking to manage risk and optimize returns within the equities market. We offer expertise in the sales, trading and analysis of U.S. domestic convertible bonds, convertible preferred shares and warrants, with a focus on minimizing transaction costs and maximizing liquidity in our Convertible Bonds group. We have a dedicated Event Driven Sales and Trading team focused on providing specialized advice and trade execution expertise to institutional clients with an interest in investment strategies such as: risk/merger arbitrage, Dutch tender offers, splits and spin-offs, recapitalizations, corporate reorganizations, and other event-driven trading strategies.

Debt Capital Markets

Our Fixed Income team offers trading and a high degree of sales support in highly rated corporate bonds, mortgage-backed securities, government and agency bonds and the sovereign and corporate debt of industrialized and emerging market countries, which may be denominated in currencies other than U.S. dollars. We also originate and underwrite securities for smaller corporations in the U.S. as well as sovereign and corporate issuers in emerging markets. In our Fixed Income Research group, our analysts and professionals focus on high yield corporate bond research in an effort to identify debt issues that provide a combination of high yield plus capital appreciation over the short to medium term. Our Public Finance department advises and raises capital for state and local governments, public agencies, private developers and other borrowers. We also have regionally based municipal bond trading desks serving retail financial advisers and clients within their regions in our Municipal Trading group, and we also maintain a dedicated institutional municipal bond sales and trading effort focused on serving mid-tier and national institutional accounts.

Proprietary Trading

In the regular course of our business, we take securities positions as a market maker and/or principal to facilitate customer transactions and for investment purposes. In making markets and when trading for our own account, we expose our own capital to the risk of fluctuations in market value. In 2010, Congress enacted the Dodd-Frank Act that proposes to prohibit proprietary trading by certain financial institutions (the Volcker Rule) except where facilitating customer trades. The Volcker Rule went into effect in July 2015 and does not impact our business or operations as it applies to banks and other subsidiaries of bank holding companies only.

Securities Lending

In connection with both our trading and brokerage activities, we borrow securities to cover short sales and to complete transactions in which customers have failed to deliver securities by the required settlement date and lend securities to other brokers and dealers for similar purposes. We earn interest on our cash collateral provided and pay interest on the cash collateral received less a rebate earned for lending securities.

Consolidated Subsidiaries

Oppenheimer & Co. Inc. Oppenheimer is a registered broker-dealer in securities under the Exchange Act and transacts business both on and off various exchanges. Oppenheimer engages in a broad range of activities in the securities industry, including retail securities brokerage, institutional sales and trading, investment banking (both corporate and public finance), underwritings, research, market-making, and investment advisory and asset management services. Oppenheimer provides its services from offices located throughout the United States.

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Oppenheimer Asset Management Inc. OAM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the Advisers Act). OAM provides investment advice to clients through separate accounts and wrap fee programs.

Oppenheimer Trust Company of Delaware Inc. Oppenheimer Trust offers a wide variety of trust services to clients of our Private Client division. This includes custody services, advisory services and specialized servicing options for clients. At December 31, 2016, Oppenheimer Trust held custodial assets of approximately $662.2 million. See Business Other Requirements in our Annual Report on Form 10-K for the year ended December 31, 2016 (our Form 10-K).

Interest Rates

Over the last several years, interest rates have been historically low. However, the Federal Reserve raised the target for federal funds rates by 25 basis points in each of December 2015, December 2016, March 2017, and June 2017. We offer several products which are sensitive to interest rate fluctuations, including cash sweep balances, margin lending, spread lending and firm investments. As of June 30, 2017, our FDIC-insured Bank Deposit program had a balance of $7.0 billion and customer margin debits were $847.5 million. We believe that rising interest rates will have a positive impact on our interest and fee revenues as shown in the chart below.

Interest and Fee Revenues ($mm)

Our Strengths

Diversified and Synergistic Business Model

We generate revenue across three differentiated business segments. Our Private Client division earns revenues based on transaction volumes and client assets under administration and interest earning assets related to clients, our Asset Management division earns revenue based on assets under management and our Capital Markets division earns revenues based on transaction and trading volumes. The different drivers of revenues for the three divisions provides us with a diversified revenue stream. In addition, we benefit from significant synergies between our three business segments. The Capital Markets division benefits from the leads, distribution capabilities and brand recognition of our Private Client division, while providing a strong research team and additional client opportunities for the Private Client division. The Asset Management division provides opportunities for us to monetize further fee streams from our Private Client division while providing more stable non-transactional revenues. Oppenheimer serves clients from 94 offices located in major cities and local communities in the United States, which limits our reliance on any one regional economy and provides clients with local high quality service with the benefits of a national full service business.

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Last Twelve Months June 30, 2017 Revenue ($859.9 million)

Increasing Shift toward More Predictable and Recurring Fee-based Revenues

Revenues from our Asset Management division consist of investment advisory and transactional fees for advisory services as well as from revenue sharing arrangements with registered and private alternative investment vehicles. Investment advisory fees are earned on all assets held in discretionary and non-discretionary asset-based programs. These fees are typically billed quarterly, in advance, and are calculated as a percent of assets under management at the end of the prior quarter. Management and incentive fees from revenue sharing arrangements in alternative investments are calculated on a pre-determined basis with registered and private investment companies. The investment advisory fees on products offered by our Asset Management division provide us with a recurring and predictable revenue stream. We have built a solid platform of support functions within our Asset Management division, such as sales and marketing and trade execution, to assist our financial advisers in providing financial wealth planning services. As a result, advisory fees have become an increasingly larger portion of our overall revenues in our Private Client and Asset Management divisions. For the twelve month period ended June 30, 2017, advisory fees from our managed product business as a percentage of our advisory fees plus commissions from our transaction-based business was 56.8%.

Advisory Fees as a Percentage of Wealth Management Advisory Fees and Commissions

Primarily an Agency Business Model

Our business strategy is built on an agency model, which means we derive our revenues mainly by charging our clients commissions and fees on transactions we execute and assets we manage on their behalf. We take little principal risk, and when we do so, it is generally in order to facilitate our client facing business.

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Strong Strategic Position

Our business model combines the full service capabilities of our larger competitors while maintaining the flexibility and independence of a boutique investment firm. We are one of the few full service firms that continues to consistently service middle market companies across the United States and internationally. We have a long-standing history in the private client business dating back to 1881 and have a focus on the attractive segment of high net worth clients. We have a strong reputation in equity research and have an attractive niche position in middle-market banking and financial sponsor sectors. Oppenheimer is a leading market maker, making markets in over 800 stocks, with access to all international trading markets. Our full service boutique model positions us to compete for a broad range of business in both the retail and capital markets. Our independent and entrepreneurial culture is an advantage in recruiting financial advisors and other financial professionals. Our size allows us to adapt quickly in the changing market place and seek an attractive risk-adjusted return on capital, while being able to provide a full service offering. The loss of corporate independence by some of our competitors has improved our competitive position within middle market financial services and benefits our platforms for experienced financial advisors. In addition, because several of our products and services, such as margin lending and cash-based products, are significantly impacted by interest rates, any expected increases in interest rates would have a significant positive impact on fees earned.

Streamlined Operations to Quickly Respond to Changing Business Environment

While certain recent market environment and industry trends, including new regulatory standards and the move from active to passive as well as automated investments strategies, have created challenges for some of our businesses, we have undertaken several initiatives to streamline and leverage our human capital and other resources to best address the business opportunities that currently exist in each of our major operating divisions. For example, we have recently introduced a new technology platform to service our fee-based business and introduced portable technology to enable clients to access their portfolio information from all portable devices. We have also introduced significant new technology to better control and surveil our business to meet changing regulatory requirements. As a result, we are able to respond quickly to changes in the business and regulatory landscape and are well positioned to take advantage of strategic opportunities that the changing business environment may create.

Well Recognized Brand

We have an internationally recognized brand name. Our history dates back to 1881, successfully navigating two World Wars and numerous financial crises. We are one of the top independent U.S. full service securities brokerage firms by the number of financial advisors and are able to leverage our name recognition across all our divisions to generate new client business. Our Private Client division supports our middle market banking efforts, while our well-recognized equity research increases awareness across private client, capital markets and asset management clients.

Experienced & Committed Management Team

We have a strong and experienced senior management team with extensive securities industry experience and significant tenure of working together. Our top eleven senior managers have, on average, more than 13 years of experience at Oppenheimer and, on average, more than 29 years of overall industry experience.

Conservative Risk Position and Robust Risk Management Culture

We believe we maintain a conservative risk position with an average value at risk, or VaR, for the fiscal year 2016 of $885,000 and a year-end VaR of $962,000. Our assets consist primarily of cash and assets which can be readily converted into cash, to give us a strong liquidity position if it becomes necessary. We also have significant additional liquidity available through short-term funding sources such as bank loans, stock loans and repurchase agreements. We believe we have a robust risk management culture with a focus on managing market risk, credit risk, liquidity risk and operational risk. We have risk management policies and procedures overseen by our risk management committee, which is made up of many of our most senior officers. Oppenheimer seeks to manage its assets and the maturity profile of its obligations in order to be able to liquidate its assets prior to its

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obligations coming due, even in times of severe market dislocation. We seek to accomplish this by a strict balance sheet and regulatory capital management and staying focused on our core business. Oppenheimer computes its net capital requirements under the alternative method provided for in Rule 15c3-1 of the Exchange Act, which requires that Oppenheimer maintain net capital equal to two percent of aggregate customer-related debit items, as defined in Rule 15c3-3. As of June 30, 2017, Oppenheimer s net capital as calculated under such Rule was $130.2 million or 11.62% of Oppenheimer s aggregate debit items. This was $107.8 million in excess of the minimum required net capital at that date.

Our Strategy

We have a number of strategic efforts in place to increase revenue and profitability in our Private Client, Asset Management and Capital Markets divisions. We continue to execute on our near-term strategies of new business and product development, streamlining our infrastructure, and investing in our technology. In the longer term, we plan to grow our business both organically and with opportunistic acquisitions within our areas of expertise, including branch acquisitions. We also see significant opportunities to expand our international operations in our Private Client and Capital Markets divisions.

- *Private Client.* We intend to increase average production per financial advisor by leveraging the existing product platform through a greater percentage of our sales force, marketing and cross-selling our product offerings among our branch locations and enhancing our financial advisor technology. We will expand our sales force incrementally through efforts to recruit and retain top talent as well as through opportunistic acquisitions. We have and continue to add junior advisors to existing practices and engage with client family members in order to assure continuity and succession planning as well as to add increased capability and growth. We manage our recruitment costs and retention payments relative to competitors by taking advantage of our distinct culture and our favorable reputation with financial advisors frustrated with the large wire houses. We also intend to develop more products and services which target high net worth clients to attract new clients and leverage our existing relationships to increase our share of customer spending on financial services. We believe our earnings from this segment of our business will improve significantly in a higher interest rate environment.

- *Asset Management.* Our clients have access to a team of specialists with expertise across many disciplines, from hedge funds to mutual funds, from domestic investments to offshore opportunities. We integrate traditional and non-traditional portfolios into a unified solution while offering ready access to the best managers in the investment management universe, both within and outside the firm. We intend to deepen and broaden our product offerings and penetration in asset management. One of our strategic advantages is our diligence process for identifying new asset managers and asset management strategies. Our diligence analysts are directly available for clients, which differentiates us from our competitors when working with high net worth individuals and family offices. We are also looking at additional opportunities to bring successful hedge fund and private equity investments to our clients. In addition, we are expanding our sales and marketing team in asset management in an effort to increase growth in client assets through new clients and increasing share of managed assets from existing clients.

- *Capital Markets.* We intend to utilize our strong brand name to continue to develop our investment banking and research capabilities. Our institutional equities business is looking to grow through expansion of market share with existing clients by efficiently allocating resources across different products to focus on key targeted small to medium capitalization corporate clients. The increased penetration of institutional accounts will allow us to leverage our distribution capabilities. In investment banking, we intend to utilize our Private Client division for leads and continue to grow our emerging growth and middle-market banking and financial sponsor franchises. Longer term, we seek to increase our business footprint and reputation by hiring experienced bankers with diverse product and industry knowledge. In the taxable fixed income sector, we continue to expand our product line and selectively grow our middle markets desk.

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- *Pursuing Opportunistic Acquisitions.* We believe the Company is well positioned to make acquisitions of related businesses that can quickly and effectively be integrated into the existing business platform and help to grow revenues. We expect that the funds raised in this offering will enable us to execute on our strategy.

Corporate Structure

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SUMMARY DESCRIPTION OF THE EXCHANGE OFFER

On June 23, 2017, we completed the private placement of $200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022. As part of that offering, we entered into a registration rights agreement with the initial purchaser of the old notes, dated as of June 23, 2017, in which we agreed, among other things, to deliver this prospectus to you and to use commercially reasonable efforts to complete an exchange offer for the old notes. Below is a summary of the exchange offer.

Old Notes	6.75% Senior Secured Notes due 2022, which were issued on June 23, 2017.
New Notes	6.75% Senior Secured Notes due 2022, the issuance of which has been registered under the Securities Act. The form and terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
Exchange Offer	We are offering to issue up to $200.0 million aggregate principal amount of the new notes in exchange for a like principal amount of the old notes to satisfy our obligations under the registration rights agreement that was executed when the old notes were issued in a transaction in reliance upon the exemption from registration provided by Rule 144A and Regulation S of the Securities Act.
Expiration Date; Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on September 14, 2017, unless extended in our sole and absolute discretion. By tendering your old notes, you represent to us that:

- you are not our affiliate, as defined in Rule 405 under the Securities Act;

- any new notes you receive in the exchange offer are being acquired by you in the ordinary course of your business;

- if you are not a participating broker dealer, you are not engaged in, and do not intend to engage in, the distribution of the new notes, as defined in the Securities Act; and

- if you are a broker-dealer that will receive new notes for your own account in exchange for old notes that were acquired by you as a result of your market-making or other trading activities, you will deliver a prospectus in connection with any resale of the new notes you receive.

	For further information regarding resales of the new notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.
Withdrawal; Non-Acceptance	You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on September 14, 2017. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or

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	termination of the exchange offer. In the case of the old notes tendered by book-entry transfer into the exchange agent s account at The Depository Trust Company (DTC), any withdrawn or unaccepted old notes will be credited to the tendering holder s account at DTC. For further information regarding the withdrawal of tendered old notes, see The Exchange Offer Terms of the Exchange Offer; Period for Tendering Old Notes and the The Exchange Offer Withdrawal Rights.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption The Exchange Offer Conditions to the Exchange Offer for more information regarding the conditions to the exchange offer.
Procedures for Tendering the Old Notes	You must do one of the following on or prior to the expiration or termination of the exchange offer to participate in the exchange offer:
	• tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as exchange agent, at one of the addresses listed below under the caption The Exchange Offer Exchange Agent, or
	• tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent s message (as defined herein) instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, The Bank of New York Mellon Trust Company, N.A., as exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent s account at DTC prior to the expiration or termination of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent s message, see the discussion below under the caption The Exchange Offer Book-Entry Transfers.
Special Procedures for Beneficial Owners	If you are a beneficial owner whose old notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, prior to completing and executing the letter of transmittal and delivering your old notes, you must either make appropriate arrangements to register ownership of the old notes in

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your name or obtain a properly completed bond power from the person in whose name the old notes are registered.

U.S. Federal Income Tax Considerations The exchange of the old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption U.S. Federal Income Tax Considerations for more information regarding the tax consequences to you of the exchange offer.

Use of Proceeds We will not receive any proceeds from the exchange offer.

Exchange Agent The Bank of New York Mellon Trust Company, N.A. is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption The Exchange Offer Exchange Agent.

Resales Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to the third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

- you are our affiliate, as defined in Rule 405 under the Securities Act;
- you are not acquiring the new notes in the exchange offer in the ordinary course of your business;
- you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes, you will receive in the exchange offer;
- you are holding old notes that have or are reasonably likely to have the status of an unsold allotment in the initial offering; or
- you are a participating broker-dealer that received new notes for its own account in the exchange offer in exchange for old notes that were acquired as a result of market-making or other trading activities.

If you fall within one of the exceptions listed above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. See the discussion below under the caption The Exchange Offer

	Procedures for Tendering Old Notes for more information.
Broker-Dealer	Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to

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time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes which were acquired by such broker-dealer as a result of market making activities or other trading activities. We have agreed that for a period of up to 90 days after the completion of this exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution for more information.

Furthermore, a broker-dealer that acquired any of its old notes directly from us:

- may not rely on the applicable interpretations of the staff or the SEC s position contained in Exxon Capital Holdings Corp., SEC no-action letter (Apr. 13, 1988); Morgan Stanley & Co. Inc., SEC no-action letter (June 5, 1991); or Shearman & Sterling, SEC no-Action Letter (July 2, 1993); and

- must also be named as a selling security holder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

Registration Rights Agreement

When the old notes were issued, we entered into a registration rights agreement with the initial purchaser of the old notes. Under the terms of the registration rights agreement, we agreed to use our commercially reasonable efforts to file with the SEC and cause to become effective, a registration statement relating to an offer to exchange the old notes for the new notes.

In the event that the exchange offer is not consummated within 360 days of the date of issuance of the old notes (i.e. by June 23, 2018), the interest rate borne by the old notes will be increased by 0.25% per annum for the first 90 days beginning after June 23, 2018, and 0.50% per annum thereafter.

Under some circumstances set forth in the registration rights agreement, holders of old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the old notes by these holders.

A copy of the registration rights agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part. See Description of the New Notes Registration Rights and Additional Interest.

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CONSEQUENCES OF NOT EXCHANGING OLD NOTES

If you do not exchange your old notes in the exchange offer, your old notes will continue to be subject to the restrictions on transfer described in the legend on the certificate for your old notes. In general, you may offer or sell your old notes only:

- if they are registered under the Securities Act and applicable state securities laws;

- if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or

- if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

We do not currently intend to register the old notes under the Securities Act. Under some circumstances, however, holders of the old notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell new notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of old notes by these holders. For more information regarding the consequences of not tendering your old notes and our obligation to file a shelf registration statement, see The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes.

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SUMMARY DESCRIPTION OF THE NEW NOTES

The terms of the new notes and those of the outstanding old notes are substantially identical, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. For a more complete understanding of the new notes, see Description of the new notes.

Issuer	Oppenheimer Holdings Inc.
Securities	Up to $200.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2022.
Maturity	July 1, 2022.
Interest	6.75% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on January 1, 2018.
Subsidiary Guarantees	All payments on the new notes, including principal and interest, will be jointly and severally and fully and unconditionally guaranteed on a senior secured basis by E.A. Viner International Co. and Viner Finance Inc. and future subsidiaries required to guarantee the new notes pursuant to the Future Subsidiary Guarantees covenant (the Subsidiary Guarantors). See Description of the new notes Covenants Future subsidiary guarantees.
	Most of our subsidiaries, including our broker-dealer subsidiaries, investment adviser subsidiaries and certain of our operating subsidiaries, which generate substantially all of our revenue and net income and own substantially all of our assets, will not be guarantors of the new notes.
	As of June 30, 2017, our non-guarantor subsidiaries represented 100% of our total assets and, for the year ended December 31, 2016, represented 100% of our total revenues. In addition, our non-guarantor subsidiaries incurred a net loss from continuing operations of $28.4 million for the year ended December 31, 2016.
Collateral	The new notes and the subsidiary guarantees will be secured by a first-priority security interest in substantially all of the Company s and the Subsidiary Guarantors existing and future tangible and intangible assets, subject to certain exceptions and permitted liens. See Description of the new notes Security.
Optional Redemption	We may redeem the new notes at any time on or after July 1, 2019. The redemption price for the new notes (expressed as a percentage of principal amount), will be as follows, plus accrued and unpaid interest and additional interest, if any, to, but not including, the redemption date:

If Redeemed During the 12-Month Period Commencing July 1,	Redemption Price
2019	103.375%
2020	101.6875%
2021 and thereafter	100.000%

In addition, at any time prior to July 1, 2019, we may redeem the new notes at our option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the new notes

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	redeemed plus a make-whole premium and accrued and unpaid interest and additional interest, if any. In addition, at any time prior to July 1, 2019, we may redeem up to 35% of the principal amount of the new notes with the net cash proceeds of one or more sales of our capital stock (other than disqualified stock) at a redemption price of 106.75% of their principal amount, plus accrued and unpaid interest and additional interest, if any; provided that at least 65% of the original aggregate principal amount of new notes issued on the closing date remains outstanding after each such redemption and notice of any such redemption is sent within 90 days of each such sale of capital stock.
Change of Control	Upon a change of control we may be required to make an offer to purchase the new notes. The purchase price will equal 101% of the principal amount of the new notes on the date of purchase, plus accrued and unpaid interest and additional interest, if any. We may not have sufficient funds available at the time of a change of control to make any required debt payment (including repurchases of the new notes).
Ranking	The new notes will be our general senior obligations and will rank effectively senior in right of payment to all unsecured and unsubordinated obligations of the Company or the relevant Subsidiary Guarantor, to the extent of the value of the collateral owned by the Company or such Subsidiary Guarantor (and, to the extent of any unsecured remainder after payment of the value of the collateral, rank equally in right of payment with such unsecured and unsubordinated indebtedness of the Company). The new notes will also rank senior in right of payment to any subordinated debt of the Company or such Subsidiary Guarantor. The new notes will be secured on a first-priority basis by the collateral, subject to certain exceptions and permitted liens and it is intended that pari passu lien indebtedness, if any, will be secured on an equal and ratable basis. The new notes will be effectively junior in right of payment to all existing and future indebtedness, claims of holders of preferred stock and other liabilities (including trade payables) of subsidiaries of the Company that will not be guarantors, including all Regulated Subsidiaries (as defined below) and unrestricted subsidiaries. As of June 30, 2017, our long-term debt was comprised of the $200 million of old notes. This offering will not have any effect on the total amount of our 6.75% Senior Secured Notes due 2022 outstanding. We currently derive substantially all of our revenue from the operations of our Regulated Subsidiaries. As our obligations under the new notes will not be guaranteed by our Regulated Subsidiaries, creditors of a Regulated Subsidiary, including trade creditors, customers, and preferred stockholders, if any, of such Regulated Subsidiary generally will have priority with respect to the assets and earnings of such Regulated Subsidiary over the claims of the holders. The new notes, therefore, will be structurally subordinated to the claims of creditors, including trade creditors, customers and preferred stockholders, if any, of our Regulated Subsidiaries. As of June 30, 2017, our Regulated Subsidiaries had $2.1 billion outstanding in such liabilities.
Certain Covenants	The Company will agree to covenants that limit the ability of the Company and its restricted subsidiaries and, in certain limited cases, its Regulated Subsidiaries, among other things, to:

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- incur additional debt and issue preferred stock;

- pay dividends, acquire shares of capital stock, make payments on subordinated debt or make investments;

- place limitations on distributions from Regulated Subsidiaries or restricted subsidiaries;

- issue guarantees;

- sell or exchange assets;

- enter into transactions with shareholders and affiliates;

- create liens; and

- effect mergers.

These covenants are subject to important exceptions and qualifications, which are described under the heading Description of the new notes Covenants in this prospectus. These exceptions and qualifications include, among other things, a variety of provisions that are intended to allow us to continue to conduct our brokerage operations in the ordinary course of business. In addition, if and for so long as the new notes have an investment grade debt rating from both S&P and Moody s and no default has occurred and is continuing under the indenture, we will not be subject to certain of the covenants listed above. See Description of the new notes.

Pursuant to the indenture, the following covenants apply to us and our restricted subsidiaries, but generally do not apply, or apply only in part, to our Regulated Subsidiaries:

- limitation on indebtedness and issuances of preferred stock, which restricts our

ability to incur additional indebtedness or to issue preferred stock;

- limitations on restricted payments, which generally restricts our ability to declare certain dividends or distributions or to make certain investments;

- limitation on dividend and other payment restrictions affecting restricted subsidiaries or Regulated Subsidiaries, which generally prohibits restrictions on the ability of certain of our subsidiaries to pay dividends or make other transfers;

- future Subsidiary Guarantors, which prohibits certain of our subsidiaries from guaranteeing our indebtedness or indebtedness of any restricted subsidiary unless the new notes are comparably guaranteed;

- limitation on transactions with shareholders and affiliates, which generally requires transactions among our affiliated entities to be conducted on an arm s-length basis;

- limitation on liens, which generally prohibits us and our restricted subsidiaries from granting liens unless the new notes are comparably secured; and

- limitation on asset sales, which generally prohibits us and certain of our subsidiaries from selling assets or certain securities or property of significant subsidiaries under certain circumstances.

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Under certain circumstances, however, the covenants under Description of the new notes Covenants Limitation on indebtedness and issuances of preferred stock, Limitation on restricted payments, Limitation on dividend and other payment restrictions affecting restricted subsidiaries or regulated subsidiaries, Future subsidiary guarantees, Limitation on transactions with shareholders and affiliates, and Limitation on asset sales may apply to our Regulated Subsidiaries, depending on the nature of the transaction in question, whether a Regulated Subsidiary is incurring any Indebtedness (as defined in the indenture) and a variety of other factors.

For purposes of the covenants, Regulated Subsidiaries refers to any direct or indirect subsidiary of the Company that is registered, licensed or qualified as (i) a broker dealer pursuant to Section 15 of the Exchange Act, (ii) a broker dealer or underwriter under any foreign securities law, (iii) a banking or insurance subsidiary regulated under state, federal or foreign laws, or (iv) an investment advisor or relying advisor pursuant to the Advisers Act or under state or foreign laws and (v) OIL. Restricted subsidiaries generally include any of our subsidiaries that are not Regulated Subsidiaries and that have not been designated by our board of directors as unrestricted.

As of June 30, 2017, our Regulated Subsidiaries represented 92.83% of our total assets. For the six months ended June 30, 2017 and the year ended December 31, 2016, our Regulated Subsidiaries represented 100.85% and 100.31% of our total revenues, respectively, and incurred a net loss from continuing operations of $2.2 million and $9.2 million, respectively.

No Established Trading Market

The new notes generally will be freely transferable but will also be new securities for which there is no established market. Accordingly, a liquid market for the new notes may not develop or be maintained. We have not applied, and do not intend to apply, for the listing of the new notes on any exchange or automated dealer quotation system.

Risk Factors

Tendering your old notes in the exchange offer involves risks. You should carefully consider the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth in the section entitled Risk Factors Risks Relating to the Exchange Offer and Risk Factors Risks Relating to the Notes for an explanation of certain risks of investing in the new notes before tendering any old notes. For a description of risks related to our industry and business, see Risk Factors Risks Relating to the Business.

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SUMMARY CONSOLIDATED HISTORICAL FINANCIAL DATA

The summary consolidated historical financial data set forth below for each of the years ended December 31, 2016, 2015 and 2014 has been primarily derived from our audited consolidated financial statements. The summary consolidated historical financial data set forth below for the six months ended June 30, 2017 and June 30, 2016 has been primarily derived from our unaudited consolidated financial statements. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated historical financial statements and the related notes contained in our annual report on Form 10-K for the year ended December 31, 2016, and our quarterly report on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017, as filed with the SEC on April 28, 2017 and July 28, 2017, respectively, which are incorporated by reference into this prospectus.

	Six Months Ended June 30,		Year Ended December 31,		
	2017	2016	2016	2015(1)	2014(1)
	(Dollars in thousands)				
Consolidated Statements of Operation:					
REVENUE:					
Commissions	$ 170,569	$ 196,424	$ 377,317	$ 417,559	$ 469,829
Advisory Fees	142,192	132,130	269,119	280,247	281,680
Investment banking	33,407	31,264	81,011	102,540	125,598
Interest	23,394	25,049	47,649	49,032	47,505
Principal transactions, net	10,675	14,195	20,481	15,180	27,515
Other	48,908	27,968	62,202	33,243	29,008
Total revenues	429,145	427,030	857,779	897,801	981,135
EXPENSES:					
Compensation and related expenses	286,535	290,216	584,710	610,820	654,396
Communications and technology	36,105	35,318	70,390	66,549	66,750
Occupancy and equipment costs	30,433	29,887	60,791	62,842	62,671
Clearing and exchange fees	11,770	13,120	25,126	26,022	24,709
Interest	12,210	9,839	19,437	16,329	16,956
Other	60,754	61,236	119,217	117,667	138,463
Total expenses	437,807	439,616	879,671	900,229	963,945
Income (loss) before income taxes from continuing operations	(8,662)	(12,586)	(21,892)	(2,428)	17,190
Income taxes	(1,961)	(6,439)	(12,262)	406	12,134
Net income (loss) from continuing operations	(6,701)	(6,147)	(9,630)	(2,834)	5,056
Income from discontinued operations	1,065	14,709	17,339	9,139	8,546
Income Taxes	425	5,760	7,218	3,407	4,041
Net income from discontinued operations	640	8,949	10,121	5,732	4,505
Net income (loss)	$ (6,061)	$ 2,802	$ 491	$ 2,898	$ 9,561
Less net income attributable to non-controlling interest, net of tax	$ 105	$ 1,461	$ 1,652	$ 936	$ 735
Net income (loss) attributable to Oppenheimer Holdings Inc.	(6,166)	1,341	(1,161)	1,962	8,826
Net income (loss)	(6,061)	2,802	491	2,898	9,561
Other comprehensive income (loss), net of tax(2)					
Currency translation adjustment	2,204	219	220	17	(2,627)
Comprehensive income (loss)	(3,857)	3,021	711	2,915	6,934
Net income attributable to noncontrolling interests	105	1,461	1,652	936	735
Comprehensive income (loss) for the period	$ (3,962)	$ 1,560	(941)	$ 1,979	$ 6,199

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(1) Amounts have been recast to reflect discontinued operations.

(2) Total other comprehensive income is attributable to Oppenheimer Holdings Inc. No other comprehensive income is attributable to noncontrolling interests.

	As of June 30,		As of December 31,		
	2017	2016	2016	2015	2014
			(Dollars in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 116,582	$ 107,537	$ 64,913	$ 63,364	$ 63,807
Total assets	2,607,519	2,575,729	2,236,930	2,698,004	2,791,479
Total liabilities	2,106,405	2,053,617	1,723,596	2,172,922	2,257,747
Total stockholders equity	501,114	522,112	513,334	525,082	533,732

	As of and For the Twelve Months Ended June 30,		Year Ended December 31,		
	2017	2016	2016	2015	2014
			(Dollars in thousands)		
Other Financial Data					
Consolidated Adjusted EBITDA(1)(2)	17,979	19,237	18,674	30,821	53,327
Long-term Debt	200,000	150,000	150,000	150,000	150,000
Long-term Debt to Consolidated Adjusted EBITDA(2)	11.1	7.8	8.0	4.9	2.8

(1) Consolidated Adjusted EBITDA is a measure of operating performance that is not defined under GAAP. We define Consolidated Adjusted EBITDA as net income (loss) attributable to Oppenheimer Holdings Inc. before interest expense, income taxes, depreciation expense and amortization expense, adjusted to exclude share-based compensation expense which is not settled in cash and extraordinary or unusual items. Our definitions and calculations of Consolidated Adjusted EBITDA may differ from the Consolidated Adjusted EBITDA or analogous calculations of other companies in our industry, and may limit is usefulness as a comparative measure.

The following table shows the reconciliation of our Consolidated Adjusted EBITDA from GAAP net income attributable to Oppenheimer Holdings Inc.:

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	For the Twelve Months Ended June 30,		For the Year Ended December 31,		
	2017	2016	2016	2015	2014
	(Dollars in thousands)				
Net Income (Loss) Attributable to Oppenheimer Holdings Inc.:	$ (8,668)	$ (2,711)	$ (1,161)	$ 1,962	$ 8,826
Add:					
Interest Expense(a)	13,553	13,125	13,125	13,125	14,292
Income Taxes	(6,208)	(3,560)	(6,221)	3,257	15,515
Depreciation Expense	6,590	6,605	6,788	7,188	7,748
Amortization Expense	1,326	645	959	636	1,252
Consolidated EBITDA	6,593	14,104	13,490	26,168	47,633
Share-Based Compensation Expense(b)	4,986	5,133	5,184	4,653	5,694
Extraordinary or Unusual Items(c)	6,400				
Consolidated Adjusted EBITDA	**$ 17,979**	**$ 19,237**	**$ 18,674**	**$ 30,821**	**$ 53,327**

(a) Interest expense on long-term debt.

(b) Charges associated with restricted stock and stock option award.

(c) Includes charges related to value-added tax (VAT) assessment levied by the Israel VAT Authority in the amount of $6.4 million for the period August 2008 to March 31, 2017.

(2) For the as adjusted calculation, the 2017 Consolidated Adjusted EBITDA represents historical Consolidated Adjusted EBITDA and has not been adjusted for the interest expense on long-term debt giving effect to this offering.

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RISK FACTORS

Any investment in the notes involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained or incorporated by reference in this prospectus, including risks contained in our most recent annual report on Form 10-K, any subsequent quarterly or annual reports on Form 10-Q or Form 10-K or any current reports on Form 8-K, before buying any of the notes. If any of the following risks actually occur, our business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur. If any such event does occur, you may lose all or part of your original investment in the notes.

Risks Relating to the Business

The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market.

In February 2008, the market for auction rate securities (ARS) began experiencing disruptions due to the failure of auctions for preferred stocks issued to leverage closed end funds, municipal bonds backed by tax exempt issuers, and student loans backed by pools of student loans guaranteed by U.S. government agencies. This failure followed an earlier failure of a smaller market of ARS that were backed by mortgage and other forms of derivatives in the summer of 2007. These auction failures developed as a result of auction managers or dealers, typically large commercial or investment banks, deciding not to commit their own capital when there was insufficient demand from bidders to meet the supply of sales from sellers. The failure of the ARS market has prevented clients of the Company from liquidating holdings in these positions or, in many cases, posting these securities as collateral for loans. The Company had operated in an agency capacity in this market and held and continues to hold ARS in its proprietary accounts and, as a result of this and the Company s ongoing repurchases from customers discussed below, is exposed to these liquidity issues as well. There have been no recent issuer redemptions of ARS, and there is no guarantee that any future ARS issuer redemptions will occur and, if so, that the Company s clients ARS will be redeemed.

Regulators have concluded, in many cases, that firms that operate in the securities industry, initially those that underwrote and supported the auctions for ARS, should be compelled to purchase them from retail customers. Underwriters and broker-dealers in such securities have settled with various regulators and have purchased ARS from their retail clients. The Company may be at a competitive disadvantage to those of its competitors that have already completed purchases of ARS from their clients.

In February 2010, Oppenheimer finalized settlements with each of the New York Attorney General s office (NYAG) and the Massachusetts Securities Division (MSD and, together with the NYAG, the Regulators) concluding investigations and administrative proceedings concerning Oppenheimer s marketing and sale of ARS. Pursuant to the settlements with the Regulators, Oppenheimer agreed to extend offers to repurchase ARS from certain of its clients subject to certain terms and conditions. In addition to the settlements with the Regulators, Oppenheimer has also reached settlements of and received adverse awards in legal proceedings with various clients where the Company is obligated to purchase ARS. The ultimate amount of ARS to be repurchased by the Company under the settlements with the Regulators or legal settlements and awards cannot be predicted with any certainty and will be impacted by redemptions by issuers and legal and other actions by clients during the relevant period which cannot be predicted. *See* Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory and Legal Environment Other Regulatory Matters and Management s Discussion and Analysis of Financial Condition and Results of Operations Off-Balance Sheet Arrangements in our Second Quarter 10-Q for additional details.

If the ARS market remains frozen, the Company may likely be further subject to claims by its clients. There can be no guarantee that the Company will be successful in defending any future actions against it. Any such failure could have a material adverse effect on the results of operations and financial condition of the Company, including its cash position. *See* Legal Proceedings and Management s Discussion and Analysis of Financial

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Condition and Results of Operations Regulatory and Legal Environment Other Regulatory Matters in our Second Quarter 10-Q.

The Company s customers held at Oppenheimer approximately $76.5 million of ARS at December 31, 2016, exclusive of amounts that were owned by Qualified Institutional Buyers (QIBs), transferred to the Company or purchased by customers after February 2008, or transferred from the Company to other securities firms after February 2008. The Company does not presently have the capacity to purchase all of the ARS held by all of its former or current clients who purchased such securities prior to the market s failure in February 2008 over a short period of time. If the Company was to be required to purchase all of the ARS held by all former or current clients who purchased such securities prior to the market s failure in February 2008 over a short period of time, these purchases would have a material adverse effect on the Company s results of operations and financial condition including its cash position. Neither of the settlements with the Regulators requires the Company to do so. The Company does not currently believe that it is legally obligated to make any such purchases except for those purchases it has agreed with the Regulators to make as previously disclosed. If Oppenheimer defaults on either agreement with the Regulators, the Regulators may terminate their agreements and may reinstitute the previously pending administrative proceedings. In addition, there can be no guarantee that other regulators won t seek to compel the Company to repurchase a greater amount of ARS than called for by the settlements with the Regulators. *See* Legal Proceedings in our Second Quarter 10-Q.

The Company has sought, with very limited success, financing from a number of sources to try to find a means for all its clients to find liquidity from their ARS holdings and will continue to do so. There can be no assurance that the Company will be successful in finding a liquidity solution for all its clients ARS holdings.

Damage to our reputation could damage our businesses.

Maintaining our reputation is critical to our attracting and maintaining customers, investors and employees. If we fail to deal with, or appear to fail to deal with, various issues that may give rise to reputational risk, we could significantly harm our business prospects. These issues include, but are not limited to, any of the risks discussed in this section, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, employee misconduct, ethical issues, money-laundering, privacy, record keeping, sales and trading practices, failure to sell securities we have underwritten at the anticipated price levels, and the proper identification of the legal, reputational, credit, liquidity, and market risks inherent in our products. A failure to deliver appropriate standards of service and quality, or a failure or perceived failure to treat customers and clients fairly, can result in customer dissatisfaction, litigation and heightened regulatory scrutiny, all of which can lead to lost revenue, higher operating costs and harm to our reputation. Further, negative publicity regarding us, whether or not true, may also result in harm to our prospects. Increasingly, the internet, through investor blogs or other sites, is being used to publish information that is untrue, significantly skewed or in some cases slanderous about companies and individuals that are published anonymously and are difficult to refute. Such stories can negatively impact the reputation of companies that are the subject of such attacks. *See* The precautions the Company takes to prevent and detect employee misconduct may not be effective and the Company could be exposed to unknown and unmanaged risks or losses.

The Company is subject to extensive securities regulation and the failure to comply with these regulations could subject it to monetary penalties or sanctions.

The securities industry and the Company s business are subject to extensive regulation by the SEC, state securities regulators and other governmental regulatory authorities. The Company is also regulated by industry self-regulatory organizations, including FINRA, the National Futures Association (NFA), and the Municipal Securities Rulemaking Board (MSRB). The Company may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. The regulatory environment is subject to change and the Company may be adversely affected as a result of new or revised legislation or regulations imposed by

the SEC, other federal or state governmental regulatory authorities, or self-regulatory organizations. In response to the financial crisis of 2008-2009, the regulatory environment to which the Company is subjected is expected to further intensify as additional rules and regulations are adopted by the Company s regulators. These new regulations will likely increase costs related to compliance and may in other ways adversely affect the performance of the Company.

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Market and economic conditions over the past several years have directly led to a demand by the public for changes in the way the financial services industry is regulated, including a call for more stringent legislation and regulation in the United States and abroad. The Dodd-Frank Act enacted sweeping changes and an unprecedented increase in the supervision and regulation of the financial services industry (*see* Business Regulation in our Form 10-K). The ultimate impact that the Dodd-Frank Act and implementing regulations will have on us, the financial industry and the economy at large cannot be quantified until all of the implementing regulations called for under the legislation have been finalized and fully implemented. We are evaluating the impact of the U.S. Department of Labor (DOL) fiduciary rule on our business (*see* Business Regulation Fiduciary Standard Rulemaking by U.S. Department of Labor in our Form 10-K). However, because qualified accounts, particularly IRA accounts, comprise a significant portion of our business, we expect that implementation of the DOL rule will negatively impact our results including the impact of increased costs related to compliance, legal and information technology. In addition, we expect that our legal risks will increase, in part, as a result of the new contractual rights required to be given to IRA and non-ERISA plan clients under the Best Interest Contract exemption and principal transactions exemption of such rule.

Oppenheimer is a broker-dealer and investment adviser registered with the SEC and is primarily regulated by FINRA. Broker-dealers are subject to regulations which cover all aspects of the securities business, including:

- sales methods and supervision;
- trading practices among broker-dealers;
- emerging standards concerning fees and charges imposed on clients for fee-based programs;
- use and safekeeping of customers funds and securities;
- anti-money laundering and the USA Patriot Act (the Patriot Act) compliance;
- capital structure of securities firms;
- cybersecurity;
- pricing of services;

- compliance with DOL rules and regulations for retirement accounts;
- compliance with lending practices (Regulation T);
- record keeping; and
- the conduct of directors, officers and employees.

Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by these regulations are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with the Company. New regulations may result in enhanced standards of duty on broker-dealers in their dealings with their clients (fiduciary standards). Consequently, these regulations often serve to limit the Company s activities, including through net capital, customer protection and market conduct requirements, including those relating to principal trading. Much of the regulation of broker-dealers has been delegated to self-regulatory organizations, principally FINRA. FINRA adopts rules, subject to approval by the SEC, which govern its members and conducts periodic examinations of member firms operations. However, recently the SEC has significantly increased its direct oversight of registrants in areas that directly overlap with FINRA thereby increasing the Company s costs of compliance and increasing the risks associated with compliance with emerging

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standards. In addition to being a member of FINRA, the Company is also a member of several other self-regulatory organizations (SROs).

The SEC has passed a requirement for custodians of securities on behalf of investment advisers, such as the Company, to conduct an annual surprise audit , in addition to the annual audit, and to issue an annual controls report to its clients, issued by a qualified accounting firm, describing its processes and controls affecting custody operations. A failure to conduct such an audit or issue the report with favorable findings could adversely affect a sizable portion of the Company s businesses.

If the Company is found to have violated any applicable regulations, formal administrative or judicial proceedings may be initiated against it that may result in:

- censure;
- fine;
- civil penalties, including treble damages in the case of insider trading violations;
- the issuance of cease-and-desist orders;
- the deregistration or suspension of our broker-dealer activities;
- the suspension or disqualification of our officers or employees; or
- other adverse consequences.

The imposition of any of the above or other penalties could have a material adverse effect on our operating results and financial condition.

On February 19, 2015, the board of directors formed a Special Committee of the board of directors (the Special Committee) in order to engage an independent law firm to conduct a review of Oppenheimer and OAM s broker-dealer and investment adviser compliance processes and related

internal controls and governance processes and provide recommendations to the Special Committee. On February 19, 2015, the Special Committee agreed to engage an independent law firm to conduct the aforementioned review. On April 22, 2015, the Special Committee agreed to retain Kalorama Partners LLP to act as the independent law firm (Kalorama). In July 2015, the Company created a Compliance Committee made up of independent directors to oversee the Company s compliance with applicable rules and regulations. In May 2017, the Board approved the assumption of the duties of the Special Committee by the Compliance Committee and the dissolution of the Special Committee. As part of its engagement of Kalorama, the Company agreed that the recommendations of Kalorama would be shared with the SEC. Moreover, Oppenheimer and OAM agreed to adopt the recommendations made by Kalorama for the FINRA IC and SEC IC Reports discussed below subject to a process for any recommendations found by the Company to be impractical or overly burdensome.

In August 2015, Kalorama delivered a report as a result of a settlement reached by Oppenheimer with FINRA in a matter unrelated to the SEC matter discussed above (the FINRA IC Report). The FINRA IC Report was critical of the Company s governance practices, its management and its compliance program at the time of the review in 2015. The Company adopted and has implemented all of the recommendations made by Kalorama except for several technology projects that the Company expects to complete in 2017. The Company believes the changes made were responsive to the criticisms and recommendations made by Kalorama.

On December 15, 2016, the Company s agreement with Kalorama expired by its terms, although Kalorama had not yet delivered the reports required by the SEC. In May 2017, Kalorama delivered three additional reports, including two reports in connection with the January 2015 SEC Order and another report in connection with Oppenheimer s 2015 settlement with the SEC in connection with the SEC s Municipalities Continuing Disclosure Cooperation (MCDC) initiative (collectively, the SEC IC Reports). Each of the reports is currently being

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reviewed by the Company including the Compliance Committee. The SEC IC Reports repeat a number of the criticisms regarding the Company s governance practices, its management and its compliance programs and includes a substantial number of recommendations, a number of which appear in the FINRA IC Report. The Company believes it has already adopted and implemented a number of the recommendations made in the SEC IC Reports and expects that it will adopt and implement most of the remaining recommendations. However, there can be no assurances that the Company will be able to implement all of the recommendations as set forth in the SEC IC Reports and, to the extent the Company does not implement or provide a satisfactory alternative method of implementation, the Company may be exposed to further SEC enforcement action. Furthermore, implementation of the remaining recommendations included in the SEC IC Reports or any recommendations made in any additional reports may be costly, time consuming, may divert management s attention from operating the Company s business and may have an adverse effect on the Company. The Company has incurred a significant amount of expenses in connection with the preparation of the FINRA IC Report and the SEC IC Reports and may continue to incur additional expenses related thereto.

In June, 2017, the Company received two additional reports from Kalorama not arising out of any regulatory order. The Company is in the process of reviewing these reports. This new report is based on a review for which the Company completed providing information in December 2016. These reports are critical of the Company s governance practices, its management and compliance programs. There can be no assurance that the Company will implement or will be able to implement, all of the recommendations set forth in these reports or any future reports or provide a satisfactory alternative method of implementation, or that these reports or any future reports will not expose the Company to further regulatory enforcement actions.

For a more detailed description of the regulatory scheme under which the Company operates, *see* Business Regulation in our Form 10-K and Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory and Legal Environment in our Second Quarter 10-Q.

Financial services firms have been subject to increased regulatory scrutiny over the last several years, increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions.

Firms in the financial services industry have been operating in an onerous regulatory environment, which has become even more stringent in light of well-publicized fraud or Ponzi schemes. The industry has experienced increased scrutiny from a variety of regulators, including the SEC and FINRA and recently the DOL as well as state regulators. Penalties and fines sought by regulatory authorities have increased substantially over the last several years. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and SROs. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many different aspects of financial services, including, but not limited to, the authority to fine us and to grant, cancel, restrict or otherwise impose conditions on the right to continue operating particular businesses. For example, the failure to comply with the obligations imposed by the Exchange Act on broker-dealers and the Advisers Act on investment advisers, including recordkeeping, registration, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, or by the Investment Company Act of 1940 (the 1940 Act), could result in investigations, sanctions and reputational damage. We also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or SROs (e.g., FINRA) that supervise the financial markets. Substantial legal liability or significant regulatory action taken against us could have a material adverse effect on our business prospects including our cash position.

Changes in regulations resulting from either the Dodd-Frank Act or any new regulations or laws may affect our businesses.

The market and economic conditions in the period after the financial crisis have directly led to a demand by the public for changes in the way the financial services industry is regulated, including a call for more stringent legislation and regulation in the United States and abroad. The Dodd-Frank Act enacted sweeping changes and an unprecedented increase in the supervision and regulation of the financial services industry (*see* Business Regulation in our Form 10-K for a discussion of such changes, including the Volcker Rule). The ultimate impact that the Dodd-Frank Act will have on us, the financial industry and the economy at large cannot be specifically ascertained until all of the implementing regulations called for under the legislation have been finalized and fully

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implemented. Nevertheless, it is apparent that these legislative and regulatory changes could affect our revenue, limit our ability to pursue business opportunities, impact the value of our assets, require us to alter at least some of our business practices, impose additional costs, and otherwise adversely affect our businesses. The Dodd-Frank Act impacts the manner in which we market our products and services, manage our business and operations, and interact with regulators, all of which could materially impact our results of operations, financial condition and liquidity. Certain provisions of the Dodd-Frank Act that have or may impact our businesses include: the establishment of a fiduciary standard for broker-dealers; regulatory oversight of incentive compensation; the imposition of capital requirements on financial holding companies and to a lesser extent, greater oversight over derivatives trading; and restrictions on proprietary trading. To the extent the Dodd-Frank Act impacts the operations, financial condition, liquidity and capital requirements of unaffiliated financial institutions with whom we transact business, those institutions may seek to pass on increased costs, reduce their capacity to transact, or otherwise present inefficiencies in their interactions with us.

Numerous regulatory changes, and enhanced regulatory and enforcement activity, relating to the asset management business may increase our compliance and legal costs and otherwise adversely affect our business.

The SEC has proposed certain measures that would establish a new framework to replace the requirements of Rule 12b-1 under the 1940 Act with respect to how mutual funds pay fees to cover the costs of selling and marketing their shares. The staff of the SEC s Office of Compliance, Inspections and Examinations has indicated that it is reviewing the use of fund assets to pay for fees to sub-transfer agents and sub-administrators for services that may be deemed to be distribution-related. Any adoption of such measures would be phased in over a number of years. As these measures are neither final nor undergoing implementation throughout the financial services industry, their impact cannot be fully ascertained at this time. As this regulatory trend continues, it could adversely affect our operations and, in turn, our financial results.

Asset management businesses have experienced a number of highly publicized regulatory inquiries, which have resulted in increased scrutiny within the industry and new rules and regulations for mutual funds, investment advisors and broker-dealers. As some of our wholly owned subsidiaries are registered as investment advisors with the SEC, increased regulatory scrutiny and rulemaking initiatives may result in augmented operational and compliance costs or the assessment of significant fines or penalties against our asset management business, and may otherwise limit our ability to engage in certain activities. It is not possible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Conformance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business. For example, pursuant to the Dodd-Frank Act, the SEC was charged with considering whether broker-dealers should be subject to a standard of care similar to the fiduciary standard applicable to registered investment advisors. It is not clear whether the SEC will determine that a heightened standard of conduct is appropriate for broker-dealers; however, any such standard, if mandated, would likely require us to review our product and service offerings and implement certain changes, as well as require that we incur additional regulatory costs in order to ensure compliance.

In addition, U.S. and foreign governments have recently taken regulatory actions impacting the investment management industry, and may continue to take further actions, including expanding current (or enacting new) standards, requirements and rules that may be applicable to us and our subsidiaries. For example, the SEC and several states and municipalities in the United States have adopted pay-to-play rules, which could limit our ability to charge advisory fees. Such pay-to-play rules could affect the profitability of that portion of our business. Additionally, the use of soft dollars, where a portion of commissions paid to broker-dealers in connection with the execution of trades also pays for research and other services provided to advisors, is periodically reexamined and may be limited or modified in the future. Furthermore, new regulations regarding the management of hedge funds and the use of certain investment products may impact our investment management business and result in increased costs. For example, many regulators around the world adopted disclosure and reporting requirements relating to the hedge fund business.

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Legislation has and may continue to result in changes to rules and regulations applicable to our business, which may negatively impact our business and financial results.

The securities industry is subject to extensive and constantly changing regulation. Broker-dealers and investment advisors are subject to regulations covering all aspects of the securities business, including, but not limited to: sales and trading methods; trade practices among broker-dealers; use and safekeeping of clients funds and securities; capital structure of securities firms; anti-money laundering efforts; recordkeeping; and the conduct of directors, officers and employees. Any violation of these laws or regulations could subject us to the following events, any of which could have a material adverse effect on our business, financial condition and prospects: civil and criminal liability; sanctions, which could include the revocation of our subsidiaries registrations as investment advisors or broker-dealers; the revocation of the licenses of our financial advisors; censures; fines; or a temporary suspension or permanent bar from conducting business.

The DOL has adopted regulations that change the definition of who is an investment advice fiduciary under the Employee Retirement Income Security Act of 1974, as amended (ERISA), and how such advice can be provided to account holders in retirement accounts such as pension plans, 401(k) plans and IRAs. In addition, the SEC is also pursuing its own rules around a uniform fiduciary standard which could conflict with the DOL s rulemaking. Additional rulemaking or legislative action could negatively impact the Company s business and financial results. The DOL regulations have recently gone into effect, and it is difficult to determine what impact this will have on our compliance costs, business, operations and profitability although it appears likely to increase the cost of compliance.

Failure to comply with capital requirements could subject the Company to suspension or revocation by the SEC or suspension or expulsion by FINRA, the FCA and the SFC.

Oppenheimer and Freedom are subject to the SEC s Net Capital Rule (as defined herein) which requires the maintenance of minimum net capital. For a more detailed description of the regulatory scheme under which the Company operates, *see* Business Regulatory Capital Requirements in our Form 10-K. Failure to comply with net capital requirements could subject the Company to suspension or revocation by the SEC or suspension or expulsion by FINRA.

In addition, Oppenheimer Europe Ltd. and Oppenheimer Investments Asia Limited are regulated by the Financial Conduct Authority (FCA) of the United Kingdom and the Securities and Futures Commission (SFC) in Hong Kong, respectively. Failure of these entities to comply with capital requirements could subject those entities to suspension or expulsion by their respective regulators.

Developments in market and economic conditions have adversely affected, and may in the future adversely affect, the Company s business and profitability.

Performance in the financial services industry is heavily influenced by the overall strength of economic conditions and financial market activity, which generally have a direct and material impact on the Company s results of operations and financial condition. These conditions are a product of many factors, which are mostly unpredictable and beyond the Company s control, and may affect the decisions made by financial market participants.

Changes in economic and political conditions, including economic output levels, interest and inflation rates, employment levels, prices of commodities including oil and gas, consumer confidence levels, and fiscal and monetary policy can affect market conditions. For example, the Federal Reserve s policies determine, in large part, the cost of funds for lending and investing and the return earned on those loans and investments. The market impact from such policies also can decrease materially the value of certain of our financial assets, most notably debt securities. Changes in the Federal Reserve s policies are beyond our control and, consequently, the impact of these changes on our activities and results of our operations are difficult to predict. At times over the last several years we have experienced operating cycles during weak and uncertain U.S. and global economic conditions, including low economic output levels, historically low interest rates, high unemployment rates, and uncertainty with respect to domestic and international fiscal and monetary policy. These conditions led to changes in the global financial markets that from time to time negatively impacted our revenue and profitability. While global financial markets

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have shown signs of improvement, uncertainty remains. A period of sustained downturns and/or volatility in the securities markets, prolonged continuation of low levels of short-term interest rates, a return to increased credit market dislocations, reductions in the value of real estate, and other negative market factors could significantly impair our revenues and profitability.

U.S. markets may also be impacted by political and civil unrest occurring in the Middle East, Eastern Europe, Russia and Asia. Concerns about the European Union (EU), including Brexit, and the stability of the EU s sovereign debt, has caused uncertainty and disruption for financial markets globally. Continued uncertainties loom over the outcome of the EU s financial support programs. It is possible that other EU member states may choose to follow Britain s lead and leave the EU. Any negative impact on economic conditions and global markets from these developments could adversely affect our business, financial condition and liquidity.

Uncertain or unfavorable market or economic conditions could result in reduced transaction volumes, reduced revenue and reduced profitability in any or all of the Company s principal businesses. For example:

- The Company s investment banking revenue, in the form of underwriting, placement and financial advisory fees, is directly related to the volume and value of transactions as well as the Company s role in these transactions. In an environment of uncertain or unfavorable market or economic conditions such as we have observed in recent years, the volume and size of capital-raising transactions and acquisitions and dispositions typically decrease, thereby reducing the demand for the Company s investment banking services and increasing price competition among financial services companies seeking such engagements. The completion of anticipated investment banking transactions in the Company s pipeline is uncertain and beyond its control, and its investment banking revenue is typically earned upon the successful completion of a transaction. In most cases, the Company receives little or no payment for investment banking engagements that do not result in the successful completion of a transaction. For example, a client s acquisition transaction may be delayed or terminated because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or unexpected financial or other problems in the client s or counterparty s business. If the parties fail to complete a transaction on which the Company is advising or an offering in which it is participating, the Company will earn little or no revenue from the transaction but may incur expenses including but not limited to legal fees. The Company may perform services subject to an engagement agreement and the client may refuse to pay fees due under such agreement, requiring the Company to re-negotiate fees or commence legal action for collection of such earned fees. Accordingly, the Company s business is highly dependent on market conditions, the decisions and actions of its clients and interested third parties. The number of engagements the Company has at any given time is subject to change and may not necessarily result in future revenues.

- A portion of the Company s revenues are derived from fees generated from its asset management business segment. Asset management fees often are primarily comprised of base management and performance (or incentive) fees. Management fees are primarily based on assets under management. Assets under management balances are impacted by net inflow/outflow of client assets and changes in market values. Poor investment performance by the Company s funds and portfolio managers could result in a loss of managed accounts and could result in reputational damage that might make it more difficult to attract new investors and thus further impact the Company s business and financial condition. If the Company experiences losses of managed accounts, fee revenue will decline. In addition, in periods of declining market values, the values under management may ultimately decline, which would negatively

impact fee revenues.

- In the past decade, passively managed index funds have seen greater investor interest, and this trend has become more dramatic in recent years. A continued lessening of investor interest in active investing and continued increase in passive investing may lead to a decline in the revenue the Company generates from commissions on the execution of trading transactions and, in respect of its market-making activities, a reduction in the value of its trading positions and commissions and spreads.

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- Financial markets are susceptible to severe events such as dislocations which may lead to reduced liquidity. Under these extreme conditions, the Company s risk management strategies may not be as effective as they might otherwise be under normal market conditions.

- Liquidity is essential to the Company s businesses. The Company s liquidity could be negatively affected by an inability to obtain funding on a regular basis either in the short term market through bank borrowing or in the long term market through senior and subordinated borrowings. Such illiquidity could arise through a lowering of the Company s credit rating or through market disruptions unrelated to the Company. The availability of unsecured financing is largely dependent on our credit rating which is largely determined by factors such as the level and quality of our earnings, capital adequacy, risk management, asset quality and business mix. As noted above, the Company has purchased, and will continue to purchase, auction rate securities from its clients which will reduce liquidity available to the Company for other purposes. The failure to secure the liquidity necessary for the Company to operate and grow could have a material adverse effect on the Company s financial condition and results of operations. *See* Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in our Second Quarter 10-Q.

- Changes in interest rates (especially if such changes are rapid), high interest rates or uncertainty regarding the future direction of interest rates, may create a less favorable environment for certain of the Company s businesses, particularly its fixed income business, resulting in reduced business volume and reduced revenue.

- The reduction of interest rates to all-time record lows has substantially reduced the interest profits available to the Company through its margin lending and has also reduced profit contributions from cash sweep products such as the FDIC-insured Bank Deposit program. If interest rates remain at low levels, despite an initial move upward by the Federal Reserve, the Company s profitability will continue to be significantly negatively impacted.

- The Company expects to continue to commit its own capital to engage in proprietary trading, investing and similar activities, and uncertain or unfavorable market or economic conditions may reduce the value of its positions, resulting in reduced revenue.

The cyclical nature of the economy and the financial services industry leads to volatility in the Company s operating margins, due to the fixed nature of a portion of compensation expenses and many non-compensation expenses, as well as the possibility that the Company will be unable to scale back other costs at an appropriate time to match any decreases in revenue relating to changes in market and economic conditions. As a result, the Company s financial performance may vary significantly from quarter to quarter and year to year.

Markets have experienced, and may continue to experience, periods of high volatility accompanied by reduced liquidity and periods of low volatility resulting in a reduction in trading volumes which may have an adverse effect on our revenues.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be effective. Severe market events have historically been difficult to predict, and significant losses could be realized in the wake of such events. The Flash Crash on May 6, 2010 was driven not by external economic events but by internal market dynamics and automated systems. Such events cannot be predicted nor can anyone, including the Company, predict the effectiveness of controls put in place to prevent such incidents. Increasingly, threats of terrorism and terrorist acts have disrupted markets and increased the perception of risk to the worldwide economy. Any such act or threat may impact markets, and consequently the Company s business, in an adverse manner.

In addition, markets have recently experienced significant periods of low volatility in the financial markets. Such periods of low volatility may also have an adverse effect on our revenue due to reductions in trading volumes.

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The Company has experienced significant pricing pressure in areas of its business, which may impair its revenues and profitability.

In recent years the Company has experienced, and continues to experience, significant pricing pressures on trading margins and commissions in debt and equity trading. In the fixed income market, regulatory requirements have resulted in greater price transparency, leading to increased price competition and decreased trading margins. In the equity market, the Company has experienced increased pricing pressure from institutional clients to reduce commissions, and this pressure has been augmented by the increased use of electronic and direct market access trading, which has created additional downward pressure on trading margins. The trend toward using alternative trading systems is continuing to grow, which may result in decreased commission and trading revenue, reduce the Company s participation in the trading markets and its ability to access market information, and lead to the creation of new and stronger competitors. Institutional clients also have pressured financial services firms to alter soft dollar practices under which brokerage firms bundle the cost of trade execution with research products and services. Some institutions are entering into arrangements that separate (or unbundle) payments for research products or services from sales commissions. Institutions subject to MIFID II, which the Company does business with primarily through its European based subsidiary, will be required to unbundle such payments commencing January 1, 2018. These arrangements have increased the competitive pressures on sales commissions and have affected the value the Company s clients place on high-quality research. Moreover, the Company s inability to reach agreement regarding the terms of unbundling arrangements with institutional clients who are actively seeking such arrangements could result in the loss of those clients, which would likely reduce the level of institutional commissions. The Company believes that price competition and pricing pressures in these and other areas will continue as institutional investors continue to reduce the amounts they are willing to pay, including reducing the number of brokerage firms they use, and some of our competitors seek to obtain market share by reducing fees, commissions or margins. Additional pressure on sales and trading revenue may impair the profitability of the Company s business.

The ability to attract, develop and retain highly skilled and productive employees, particularly qualified financial advisors, is critical to the success of the Company s business.

The Company faces intense competition for qualified employees from other businesses in the financial services industry, and the performance of its business may suffer to the extent it is unable to attract and retain employees effectively, particularly given the relatively small size of the Company and its employee base compared to some of its competitors. The primary sources of revenue in each of the Company s business lines are commissions and fees earned on advisory and underwriting transactions and customer accounts managed by its employees, who are regularly recruited by other firms and in certain cases are able to take their client relationships with them when they change firms. Experienced employees are regularly offered financial inducements by larger competitors to change employers, and thus competitors can de-stabilize the Company s relationship with valued employees. Some specialized areas of the Company s business are operated by a relatively small number of employees, the loss of any of whom could jeopardize the continuation of that business following the employee s departure.

Turnover in the financial services industry is high. The cost of retaining skilled professionals in the financial services industry has escalated considerably. Financial industry employers are increasingly offering guaranteed contracts, upfront payments, and increased compensation. These can be important factors in a current employee s decision to leave us as well as in a prospective employee s decision to join us. As competition for skilled professionals in the industry remains intense, we may have to devote significant resources to attracting and retaining qualified personnel. To the extent we have compensation targets, we may not be able to retain our employees, which could result in increased recruiting expense or result in our recruiting additional employees at compensation levels that are not within our target range. In particular, our financial results may be adversely affected by the costs we incur in connection with any upfront loans or other incentives we may offer to newly recruited financial advisors and other key personnel. If we were to lose the services of any of our investment bankers, senior equity research, sales and trading professionals, asset managers, or executive officers to a competitor or otherwise, we may not be able to retain valuable relationships and some of our clients could choose to use the services of a competitor instead of our services. If we are unable to retain our senior professionals or recruit additional professionals, our reputation, business, results of operations and financial condition could be adversely affected. Further, new business initiatives and efforts to expand existing businesses generally require that we incur

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compensation and benefits expense before generating additional revenues. Moreover, companies in our industry whose employees accept positions with competitors frequently claim that those competitors have engaged in unfair hiring practices. We have been subject to such claims and may be subject to additional claims in the future as we seek to hire qualified personnel, some of whom may work for our competitors. Some of these claims may result in material litigation. We could incur substantial costs in defending against these claims, regardless of their merits. Such claims could also discourage potential employees who work for our competitors from joining us.

The Company depends on its senior employees and the loss of their services could harm its business.

The Company s success is dependent in large part upon the services of its senior executives and employees. Any loss of service of the chief executive officer may adversely affect the business and operations of the Company. The Company maintains key man insurance on the life of its chief executive officer. If the Company s senior executives or employees terminate their employment and the Company is unable to find suitable replacements in relatively short periods of time, its operations may be materially and adversely affected.

Underwriting and market-making activities may place capital at risk.

The Company may incur losses and be subject to reputational harm to the extent that, for any reason, it is unable to sell securities it purchased as an underwriter at the anticipated price levels. As an underwriter, the Company is subject to heightened standards regarding liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings it underwrites. Any such misstatement or omission could subject the Company to enforcement action by the SEC and claims of investors, either of which could have a material adverse impact on the Company s results of operations, financial condition and reputation. As a market maker, the Company may own large positions in specific securities, and these undiversified holdings concentrate the risk of market fluctuations and may result in greater losses than would be the case if the Company s holdings were more diversified.

Increases in capital commitments in our proprietary trading, investing and similar activities increase the potential for significant losses.

The Company s results of operations for a given period may be affected by the nature and scope of these activities and such activities will subject the Company to market fluctuations and volatility that may adversely affect the value of its positions, which could result in significant losses and reduce its revenues and profits. In addition, increased commitment of capital will expose the Company to the risk that a counter-party will be unable to meet its obligations, which could lead to financial losses that could adversely affect the Company s results of operations. These activities may lead to a greater concentration of risk, which may cause the Company to suffer losses even when business conditions are generally favorable for others in the industry.

The Company may make strategic acquisitions of businesses, engage in joint ventures or divest or exit existing businesses, which could result in unforeseen expenses or disruptive effects on its business.

From time to time, the Company may consider acquisitions of other businesses or joint ventures with other businesses. Any acquisition or joint venture that the Company determines to pursue will be accompanied by a number of risks. After the announcement or completion of an

acquisition or joint venture, the Company s share price could decline if investors view the transaction as too costly or unlikely to improve the Company s competitive position. Costs or difficulties relating to such a transaction, including integration of products, employees, offices, technology systems, accounting systems and management controls, may be difficult to predict accurately and be greater than expected causing the Company s estimates to differ from actual results. The Company may be unable to retain key personnel after the transaction, and the transaction may impair relationships with customers and business partners. In addition, the Company may be unable to achieve anticipated benefits and synergies from the transaction as fully as expected or within the expected time frame. Divestitures or elimination of existing businesses or products could have similar effects, including the loss of earnings of the divested business or operation. These difficulties could disrupt the Company s ongoing business, increase its expenses and adversely affect its operating results and financial condition.

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If the Company violates the securities laws, or is involved in litigation in connection with a violation, the Company s reputation and results of operations may be adversely affected.

Many aspects of the Company s business involve substantial risks of liability. An underwriter is exposed to substantial liability under federal and state securities laws, other federal and state laws, and court decisions, including decisions with respect to underwriters liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for material misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel. In recent years, there has been an increasing incidence of litigation involving the securities industry, including class actions that seek substantial damages. The Company s underwriting activities will usually involve offerings of the securities of smaller companies, which often involve a higher degree of risk and are more volatile than the securities of more established companies. In comparison with more established companies, smaller companies are also more likely to be the subject of securities class actions, to carry directors and officers liability insurance policies with lower limits or not at all, and to become insolvent. In addition, in market downturns, claims tend to increase. Each of these factors increases the likelihood that an underwriter may be required to contribute to an adverse judgment or settlement of a securities lawsuit.

In the normal course of business, the Operating Subsidiaries have been and continue to be the subject of numerous civil actions and arbitrations arising out of customer complaints relating to our activities as a broker-dealer, as an employer and as a result of other business activities. In turbulent times such as the years following the financial crisis, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have historically escalated. The Company has experienced an increase in such claims as a result of the worldwide credit disruptions, including the disruptions in the auction rate securities market in 2008. If the Company misjudged the amount of damages that may be assessed against it from pending or threatened claims, or if the Company is unable to adequately estimate the amount of damages that will be assessed against it from claims that arise in the future and reserve accordingly, its financial condition and results of operations may be materially adversely affected. *See* The Company may continue to be adversely affected by the failure of the Auction Rate Securities Market and Legal Proceedings and Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory and Legal Environment Other Regulatory Matters in our Second Quarter 10-Q.

The preparation of the consolidated financial statements requires the use of estimates that may vary from actual results.

If actual experience differs from management s estimates used in the preparation of financial statements, the Company s consolidated results of operations or financial condition could be adversely affected. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the application of accounting policies that often involve a significant degree of judgment. Such estimates and assumptions may require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. The Company s accounting policies that are most dependent on the application of estimates and assumptions, and therefore viewed by the Company as critical accounting estimates, are those described in note 2 to the audited consolidated financial statements. These accounting estimates require the use of assumptions, some of which are highly uncertain at the time of estimation. These estimates, by their nature, are based on judgment and current facts and circumstances. Accordingly, actual results could differ from these estimates, possibly in the near term, and could have a material adverse effect on the consolidated financial statements.

The value of the Company s goodwill and intangible assets may become impaired.

A substantial portion of the Company s assets arise from goodwill and intangibles recorded as a result of business acquisitions it has made. The Company is required to perform a test for impairment of such goodwill and intangible assets, at least annually. To the extent that there are continued declines in the markets and general economy, impairment may become more likely. If the test resulted in a write-down of goodwill

and/or intangible assets, the Company would incur a significant loss. For further discussion of this risk, *see* note 18 to the Company s audited consolidated financial statements.

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The Company s risk management policies and procedures may leave it exposed to unidentified risks or an unanticipated level of risk.

The policies and procedures the Company employs to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible. This information may not be accurate, complete or up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. The Company cannot give assurances that its policies and procedures will effectively and accurately record and verify this information.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems. The Company believes that it effectively evaluates and manages the market, credit and other risks to which it is exposed. Nonetheless, the effectiveness of the Company s ability to manage risk exposure can never be completely or accurately predicted or fully assured, and there can be no guarantee that the Company s risk management will be successful. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments can have a material adverse effect on the Company s financial condition and results of operations. The consequences of these developments can include losses due to adverse changes in securities values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in the Company s credit risk to customers as well as to third parties and increases in general systemic risk. Certain of the Company s risk management systems are subject to regulatory review and may be found to be insufficient by the Company s regulators potentially leading to regulatory sanctions. The Company over the past several years has increased its systems of surveillance over the various risks facing its business and has instituted standing committees to regularly review both the risks themselves as well as the adequacy of the systems providing information. There can be no guarantee that the operation of these systems will allow the Company to prevent or mitigate the various risks faced by its businesses.

Credit risk may expose the Company to losses caused by the inability of borrowers or other third parties to satisfy their obligations.

The Company is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include:

- trading counterparties;
- customers;
- clearing agents;
- exchanges;

- clearing houses; and

- other financial intermediaries as well as issuers whose securities we hold.

These parties may default on their obligations owed to the Company due to bankruptcy, lack of liquidity, operational failure or other reasons. This default risk may arise, for example, from:

- holding securities of third parties;

- executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries; and

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- extending credit to clients through bridge or margin loans or other arrangements.

Significant failures by third parties to perform their obligations owed to the Company could adversely affect the Company s revenue and its ability to borrow in the credit markets.

Risks related to insurance programs.

The Company s operations and financial results are subject to risks and uncertainties related to the use of a combination of insurance, self-insured retention and self-insurance for a number of risks, including most significantly property and casualty, general liability, workers compensation, and the portion of employee-related health care benefits plans funded by the Company, and certain errors and omissions liability, among others.

While the Company endeavors to purchase insurance coverage that is appropriate to its assessment of risk, it is unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. The Company s business may be negatively affected if in the future its insurance proves to be inadequate or unavailable. In addition, insurance claims may divert management resources away from operating the business.

The precautions the Company takes to prevent and detect employee misconduct may not be effective and the Company could be exposed to unknown and unmanaged risks or losses.

The Company runs the risk that employee misconduct could occur. Misconduct by employees could include:

- employees binding the Company to transactions that exceed authorized limits or present unacceptable risks to the Company (rogue trading);

- employee theft and improper use of Company or client property;

- employees conspiring with third parties to defraud the Company;

- employees hiding unauthorized or unsuccessful activities from the Company, including outside business activities that are undisclosed and may result in liability to the Company;

- employees steering or soliciting his or her clients into investments which have not been sponsored by the Company and without the proper diligence;

- the improper use of confidential information; or

- employee conduct outside of acceptable norms including harassment.

These types of misconduct could result in unknown and unmanaged risks or losses to the Company including regulatory sanctions and serious harm to its reputation. The precautions the Company takes to prevent and detect these activities may not be effective. If employee misconduct does occur, the Company s business operations could be materially adversely affected.

There have been a number of highly-publicized cases involving fraud or other misconduct by employees in the financial services industry, and the Company has experienced such cases in the past and there is a risk that our employees could engage in misconduct in the future that adversely affects our business. The Company has experienced employee misconduct which has led to regulatory sanctions and legal liability that has adversely affected our results and could continue to adversely affect our results in the future. We remain subject to a number of obligations and standards arising from our asset management business and our authority over the assets managed by our asset management business. In addition, our financial advisors may act in a fiduciary capacity, providing financial planning, investment advice and discretionary asset management. The violation of these obligations and standards by any of our employees could adversely affect our clients and us. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all

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cases. If our employees engage in misconduct, our business could be materially adversely affected including our cash position.

Defaults by another large financial institution could adversely affect financial markets generally.

In the fourth quarter of 2008, Lehman Brothers filed for bankruptcy protection and financial institutions including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Citigroup Inc., Bank of America Corporation, and American International Group, Inc. needed to accept substantial funding from the Federal government. In the fourth quarter of 2011, MF Global Holding Ltd. filed for bankruptcy protection. In August 2012, Peregrine Financial Group, Inc. was declared bankrupt and placed in receivership. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing, or other relationships between these institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses, or defaults by other institutions. This is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Company interacts on a daily basis, and therefore could adversely affect the Company.

The failure of guarantors could adversely affect the pricing of securities and their trading markets.

Monoline insurance companies, commercial banks and other insurers regularly issue credit enhancements to issuers in order to permit them to receive higher credit ratings than would otherwise be available to them. As a result, the failure of any of these guarantors could and would suddenly and immediately result in the depreciation in the price of the securities that have been guaranteed or enhanced by such entity. This failure could adversely affect the markets in general and the liquidity of the securities that are so affected. This disruption could create losses for holders of affected securities including the Company. In addition, rating agency downgrades of the debt or deposit or claims-paying ability of these guarantors could result in a reduction in the prices of securities held by the Company which are guaranteed by such guarantors.

The Company s information systems may experience an interruption or breach in security.

The Company relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company s customer relationship management, general ledger, and other systems. While the Company has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. Recent disclosures of such incursions by foreign and domestic unauthorized agents aimed at large financial institutions reflect higher risks for all such institutions. The occurrence of any failures, interruptions or security breaches of the Company s information systems could damage the Company s reputation, result in a loss of customer business, subject the Company to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company s financial condition and results of operations.

Our businesses rely extensively on data processing and communications systems. In addition to better serving clients, the effective use of technology increases efficiency and enables us to reduce costs. Adapting or developing our technology systems to meet new regulatory requirements, client needs, and competitive demands is critical for our business. Introduction of new technology presents challenges on a regular basis. There are significant technical and financial costs and risks in the development of new or enhanced applications, including the risk that we

might be unable to effectively use new technologies or adapt our applications to emerging industry standards. Our continued success depends, in part, upon our ability to: (i) successfully maintain and upgrade the capability of our technology systems; (ii) address the needs of our clients by using technology to provide products and services that satisfy their demands; and (iii) retain skilled information technology employees. Failure of our technology systems, which could result from events beyond our control, or an inability to effectively upgrade those systems or implement new technology-driven products or services, could result in financial losses, liability to clients, violations of applicable privacy and other applicable laws and regulatory sanctions.

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Security breaches of our technology systems, or those of our clients or other third-party vendors we rely on, could subject us to significant liability and harm our reputation.

The expectations of sound operational and informational security practices have risen among our clients and vendors, the public at large and regulators. Our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, cyber-attacks and breakdowns. Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although cyber security incidents among financial services firms are on the rise, we have not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that we will not suffer such losses in the future. Despite our implementation of protective measures and endeavoring to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to human error, natural disasters, power loss, spam attacks, unauthorized access, distributed denial of service attacks, computer viruses and other malicious code and other events that could have an impact on the security and stability of our operations. Notwithstanding the precautions we take, if one or more of these events were to occur, this could jeopardize the information we confidentially maintain, including that of our clients and counterparties, which is processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our clients and counterparties. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications or disclosures. We may also be subject to litigation and financial losses that are neither insured nor covered under any of our current insurance policies. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to potential disciplinary action by regulators. In providing services to clients, we may manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we may be subject to numerous laws and regulations designed to protect this information, such as U.S. federal and state laws governing the protection of personally identifiable information and international laws. These laws and regulations are increasing in complexity and number. If any person, including any of our associates, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates such data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and related revenue. Potential liability in the event of a security breach of client data could be significant. Depending on the circumstances giving rise to the breach, this liability may not be subject to a contractual limit or an exclusion of consequential or indirect damages.

The Company may be exposed to damage to its business or its reputation by cybersecurity incidents.

As the world becomes more interconnected through the use of the internet and users rely more extensively on the internet for the transmission and storage of data, such information becomes more susceptible to incursion by hackers and other parties intent on stealing or destroying data on which the Company or our clients rely. These cybersecurity incidents have increased in number and severity and it is expected that these trends will continue. Should the Company be affected by such an incident, we would be exposed to legal liability, loss of reputation as well as increased costs related to protection of systems and providing relief to clients.

The Company has and continues to introduce systems and software to prevent any such incidents and increasingly reviews and increases its defenses to such issues through the use of various services, programs and outside vendors. It is impossible for the Company to know when or if such incidents may arise or the business impact of any such incident.

The Company continually encounters technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, driven by the emergence of the Fintech industry. The effective use of technology increases efficiency and enables financial institutions to better serve customers and reduce costs. The Company s future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Company s operations. Many of the Company s competitors have substantially greater

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resources to invest in technological improvements. The Company may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on the Company s business and, in turn, the Company s financial condition and results of operations.

The business operations that are conducted outside of the United States subject the Company to unique risks and potential loss.

To the extent the Company conducts business outside the United States, it is subject to risks including, without limitation, the risk that it will be unable to provide effective operational support to these business activities, the risk of non-compliance with foreign laws and regulations, the general economic and political conditions in countries where it conducts business and currency fluctuations. The Company operates in Israel, the United Kingdom, the Isle of Jersey, Switzerland and Hong Kong. If the Company is unable to manage these risks relating to its foreign operations effectively, its reputation and results of operations could be harmed.

We may face exposure for environmental liabilities in British Columbia, Canada.

The Company has received two notices from the current owners of two separate rural mountainous properties in Canada claiming that the Company may be liable for environmental claims with respect to such properties and designating the Company a potentially responsible party in remedial activities for the cleanup of waste sites under applicable statutes. The Company is believed to have held title to and also to have operated various properties in British Columbia, Canada from October 1942 through August 1969 and to have engaged in mining and milling operations for some part of that period. The Company was originally incorporated in British Columbia, Canada in 1933, under the name Sheep Creek Gold Mines Limited. The Company underwent a series of name changes and continuances, including from British Columbia to Ontario, from Ontario to Canadian federal jurisdiction and then, in May 2009, from Canada to Delaware.

The Company currently believes that future environmental claims, if any, that may be asserted will not be material and that its potential liability for known environmental matters is not material, however, there can be no guarantee that this is the case. Environmental and related remediation costs are difficult to quantify. Applicable law may impose joint and several liability on each potentially responsible party for the cleanup.

Severe weather, natural disasters, acts of war or terrorism and other external events could significantly impact the Company s business.

Severe weather, natural disasters, acts of war or terrorism and other adverse external events could have a significant impact on the Company s ability to conduct business. Although management has established a disaster recovery plan, there is no guarantee that such plan will allow the Company to operate without disruption if such an event was to occur and the occurrence of any such event could have a material adverse effect on the Company s business, which, in turn, could have a material adverse effect on the Company s financial condition and results of operations. The Company maintains disaster recovery sites to aid it in reacting to circumstances such as those described above. The fourth quarter of 2012 was impacted by Superstorm Sandy which occurred on October 29th causing the Company to vacate its two principal offices in downtown Manhattan and displaced 800 of the Company s employees including substantially all of its capital markets, operations and headquarters staff for in excess of 30 days. During the displacement period the Company successfully implemented its business continuity plan by relocating personnel from both of its downtown Manhattan locations into other branch offices and back-up facilities in the region. Other than the closure of the financial markets for two business days, the Company was able to successfully clear and settle open trades that took place prior to the storm

and to get its trading, operations, technology, and other support functions mobilized to process business once the financial markets reopened. The plans and preparations for such eventualities, including the sites themselves, may not be adequate or effective for their intended purpose.

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Our risk management and conflicts of interest policies and procedures may leave us exposed to unidentified or unanticipated risk.

We seek to manage, monitor and control our operational, legal and regulatory risk through operational and compliance reporting systems, internal controls, management review processes and other mechanisms; however, there can be no assurance that our procedures will be effective. Our banking and trading processes seek to balance our ability to profit from banking and trading positions with our exposure to potential losses. While we use limits and other risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate unforeseen economic and financial outcomes or the specifics and timing of such outcomes. Our risk management methods may not predict future risk exposures effectively. In addition, some of our risk management methods are based on an evaluation of information regarding markets, clients and other matters that are based on assumptions that may no longer be accurate. A failure to manage our growth adequately, or to manage our risk effectively, could materially and adversely affect our business and financial condition. Financial services firms are subject to numerous actual or perceived conflicts of interest, which are under growing scrutiny by U.S. federal and state regulators. Our risk management processes include addressing potential conflicts of interest that arise in our business. Management of potential conflicts of interest has become increasingly complex as we expand our business activities. A perceived or actual failure to address conflicts of interest adequately could affect our reputation, the willingness of clients to transact business with us or give rise to litigation or regulatory actions. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could result in material harm to our business and financial condition.

The effect of climate changes on the Company cannot be predicted with certainty.

The Company is not directly affected by changes in environmental legislation, regulation or international treaties, and the Company is not involved in an industry which is significantly impacted by climate changes except as such changes may affect the general economy of the United States and the rest of the world. In addition, severe weather conditions such as storms, snowfall, and other climatic events may affect one or more offices of the Company. In October 2012, Superstorm Sandy caused dislocation and disruption of the Company s operations. Any such event may materially impact the operations or finances of the Company. The Company maintains disaster recovery plans and property insurance for such emergencies. A significant change in the climate of the world could affect the general growth in the economy, and population growth and create other issues which will over time affect returns on financial instruments and thus the financial markets in general. It is impossible to predict such effects on the Company s business and operations.

The downgrade of U.S. long term sovereign debt obligations and issues affecting the sovereign debt of European nations may adversely affect markets and other business.

On August 5, 2011, S&P lowered its long term sovereign credit rating on the United States of America from AAA to AA+. Credit agencies have also reduced the credit ratings of various sovereign nations, including Greece, Italy, France and China. While the ultimate impact of such actions is inherently unpredictable, these downgrades could have a material adverse impact on financial markets and economic conditions throughout the world, including, specifically, the United States. Moreover, the market s anticipation of these impacts could have a material adverse effect on our business, financial condition and liquidity. Various types of financial markets, including, but not limited to, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets may be adversely affected by these impacts. In addition, the cost and availability of funding and certain impacts, such as increased spreads in money market and other short term rates, have been experienced already as the market anticipated the downgrade.

The negative impact that may result from this downgrade or any future downgrade could adversely affect our credit ratings, as well as those of our clients and/or counterparties, and could require us to post additional collateral on loans collateralized by U.S. Treasury securities. The unprecedented nature of this and any future negative credit rating actions with respect to U.S. government obligations will make any impact on

our business, financial condition and liquidity unpredictable. In addition, any such impact may not be immediately apparent.

In addition, global markets and economic conditions have been negatively impacted by the ability of certain EU member states to service their sovereign debt obligations. The continued uncertainty over the outcome of

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the EU governments financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global markets and may negatively impact our business, financial condition and liquidity.

The Company s Chairman and CEO owns a significant portion of the Company s Class B Stock and therefore can exercise significant control over the corporate governance and affairs of the Company.

An entity controlled by the Company s Chairman and CEO, Mr. Albert Lowenthal, owns over 96% of the Class B voting stock. As a result, Mr. Lowenthal can exercise substantial influence over the outcome of most, if not of all corporate actions requiring approval of our stockholders, including the election of directors and approval of significant corporate transactions, which may result in corporate action with which other stockholders do not agree. This Class B voting power may have the effect of delaying or preventing a change in control of the Company or may result in the receipt of a control premium by the controlling stockholder which premium would not be received by the holders of the Class A Stock. The controlling stockholder may have potential conflicts of interest with other stockholders including the ability to determine the impact of say on pay provisions at the Company.

Risks Relating to the Exchange Offer

Holders who fail to exchange their old notes will continue to be subject to restrictions on transfer.

If you do not exchange your old notes for new notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your old notes described in the legend on the certificates for your old notes. The restrictions on transfer of your old notes arise because we issued the old notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the old notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the old notes under the Securities Act. For further information regarding the consequences of tendering your old notes in the exchange offer, see the discussions below under the captions The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes and U.S. Federal Income Tax Considerations.

You must comply with the exchange offer procedures in order to receive new, freely tradable new notes.

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

- certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the Exchange Agent s account at DTC, New York, New York as depository, including an agent s message if the tendering holder does not deliver a letter of transmittal;

- a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or an agent s message in lieu of the letter of transmittal; and

- any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. *See* The Exchange Offer Procedures for Tendering Old Notes and The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes.

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Some holders who exchange their old notes may be deemed to be underwriters and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Risks Relating to the Notes

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

The notes are new issues of securities for which there is no established public market. We do not intend to have the notes listed on a national securities exchange or included in any automated quotation system.

The initial purchaser has advised us that it may make a market in the notes, as permitted by applicable laws and regulations. However, the initial purchaser is not obligated to do so, and the may discontinue any market-making activities with respect to the notes at any time without notice.

The liquidity of any market for the notes will depend upon the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. If a market develops, the notes could trade at prices that may be lower than the initial offering price of the notes. If an active market does not develop or is not maintained, the price and liquidity of the notes may be adversely affected. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for any of the notes may not be free from similar disruptions and any such disruptions may adversely affect the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Certain of our subsidiaries, which generate substantially all of our revenues and own substantially all of our assets, are not subject to many of the restrictive covenants in the indenture governing the notes.

Certain of our subsidiaries (which will be defined in the indenture as the Regulated Subsidiaries) including, among others, Oppenheimer, OAM, OIL and Freedom, are generally not subject to the restrictive covenants in the indenture that place limitations on our actions, and where they are subject to covenants there are numerous exceptions and limitations. As of June 30, 2017, our Regulated Subsidiaries represented 98.83% of our total assets and, for the six months ended June 30, 2017, represented 100.85% of our total revenues and incurred a net loss from continuing operations of $2.2 million. The indenture does not restrict our Regulated Subsidiaries from incurring debt, that would be structurally senior to the notes. Our Regulated Subsidiaries are also not subject to restrictions relating to making investments and are generally not subject to the restrictions on the sale of assets. The incurrence of debt, the sale of assets or the making of investments, without, or with limited, indenture

restrictions, by our Regulated Subsidiaries may impair our ability to make payments on principal and interest on the notes.

Our Regulated Subsidiaries are subject to regulation by U.S. Federal and state regulatory agencies and securities exchanges and by various non-U.S. governmental agencies or regulatory bodies, securities exchanges and SROs, each of which has been charged with the protection of the financial markets and seek to protect the interests of our broker-dealer and investment advisory clients. Such regulations may not serve, and you should not rely on them, to protect your interests as a holder of the notes. Depending on these circumstances, these regulations may prevent our Regulated Subsidiaries from paying dividends or other distributions to us without which we cannot make payments of interest or principal on the notes.

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We depend almost entirely on the cash flow from our Regulated Subsidiaries to meet our obligations, and your right to receive payment on the notes will be structurally subordinate to the obligations of these subsidiaries.

Our Regulated Subsidiaries are separate and distinct legal entities with no obligation to pay any amounts due pursuant to the notes or to provide us with funds for our payment obligations. Our cash flow and our ability to service our debt, including the notes, will depend in part on the earnings of our Regulated Subsidiaries and on the distribution of earnings, loans or other payments to us by these subsidiaries. Our Regulated Subsidiaries represented substantially all of our revenues and more than a majority of our net income in 2016 and for the six months ended June 30, 2017. As of June 30, 2017, our Regulated Subsidiaries represented substantially all of our assets. In addition, the ability of our Regulated Subsidiaries to make any dividend, distribution, loan or other payment to us could be subject to statutory, regulatory or contractual restrictions. For example, Oppenheimer and Freedom both require permission from FINRA prior to declaring dividends. Payments to us by these subsidiaries will also be contingent upon their earnings and their business considerations. Because we may depend in part on the cash flow of these subsidiaries to meet our obligations, these types of restrictions may impair our ability to make scheduled interest and principal payments on the notes.

If the Company is unable to repay its outstanding indebtedness when due, its operations may be materially adversely effected.

At June 30, 2017, the Company had liabilities of approximately $2.1 billion, a significant portion of which is collateralized by highly liquid and marketable government securities as well as marketable securities owned by customers. The Company cannot assure that its operations will generate funds sufficient to repay its existing debt obligations as they come due. The Company s failure to repay its indebtedness and make interest payments as required by its debt obligations could have a material adverse effect on its results of operations and financial condition, including the acceleration of the payment of the debt.

We may incur substantially more debt in the future which may make it difficult to service our debt, including the notes, and impair our ability to operate our business.

We may incur substantial additional debt in the future. Although the indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Under the indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness so long as on a pro forma basis our fixed charge coverage ratio (as defined in the indenture) is at least 2.0 to 1.00. The terms of the indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the indenture. In addition, the indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this prospectus.

We may not be able to generate sufficient cash to service the notes or our other indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

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

may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on the notes or our other indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance the notes or our other indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of the indenture governing the notes and existing or future debt instruments may

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restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Our debt agreements will contain restrictions that will limit our flexibility in operating our business.

The indenture governing the notes will contain various covenants that will limit the ability of the Company and its restricted subsidiaries and, in certain limited cases, its Regulated Subsidiaries, among other things, to:

- incur additional indebtedness;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

As a result of the covenants and restrictions contained in the indenture, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants and may further limit our ability to enter into certain types of transactions.

We cannot assure you that we will be able to remain in compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the appropriate parties and/or amend the covenants.

The value of the collateral securing the notes and the note guarantees may not be sufficient to satisfy our obligations under the notes and the note guarantees.

No appraisal of the value of the collateral has been made in connection with the offering of the notes, and the fair market value of the collateral is subject to fluctuations based on factors that include general economic conditions and similar factors. The book value of the collateral should not be relied on as a measure of realizable value for such assets. In addition, the indenture allows us to incur additional secured debt, including under certain circumstances secured debt that is intended to share in the collateral that will secure the notes and the note guarantees. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. Portions of the collateral may become illiquid and may have no readily ascertainable market value. Likewise, we cannot assure holders of the notes that the collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the value of the collateral and the amount that may be received upon a sale of collateral will depend upon many factors including, among others, the condition of the collateral and our industry, the ability to sell the collateral in an orderly sale, market and economic conditions, the availability of buyers and other factors. In addition, courts could limit recoverability with respect to the collateral if they deem a portion of the interest claim usurious in violation of applicable public policy. Accordingly, in the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of the collateral may not be sufficient to satisfy our obligations under the notes, the note guarantees and any future debt that is secured by the collateral.

In addition, under the terms of the indenture governing the notes we also will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the collateral securing the notes.

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Any additional obligations secured by a lien on the collateral (whether senior to or equal with the lien of the notes) will dilute the value of the collateral.

We cannot assure holders of the notes that the proceeds of any sale of the collateral following an acceleration of maturity with respect to the notes would be sufficient to satisfy, or would not be substantially less than, amounts due on the notes and the other debt secured thereby. If the proceeds of any sale of the collateral were not sufficient to repay all amounts due on the notes, holders of the notes (to the extent their notes were not repaid from the proceeds of the sale of the collateral) would have only an unsecured claim against the remaining assets of the Company and the Subsidiary Guarantors.

To the extent that liens, rights and easements granted to or obtained by third parties encumber assets located on property owned by us or constitute subordinate liens on the collateral, those third parties may have or may exercise rights and remedies with respect to the property subject to such encumbrances (including rights to require marshalling of assets) that could adversely affect the value of such collateral and the ability of the collateral agent to realize or foreclose on such collateral.

The imposition of certain permitted liens could adversely affect the value of the collateral.

The collateral securing the notes will be subject to liens permitted under the terms of the indenture governing the notes, whether arising prior to or on or after the date the notes are issued. The existence of any permitted liens could adversely affect the value of the collateral securing the notes as well as the ability of the collateral agent to realize or foreclose on such collateral. The collateral that will secure the notes may also secure future indebtedness and other obligations of the Company and the Subsidiary Guarantors to the extent permitted by the indenture and the security documents. Your rights to the collateral would be diluted by any increase in the indebtedness secured by this collateral.

There are certain categories of property that are excluded from the collateral.

Certain categories of assets are excluded from the collateral securing the notes and the note guarantees. Excluded assets include certain items of property, including without limitation items as to which a security interest cannot be granted without violating contract rights or applicable law, certain equity interests of our first-tier foreign subsidiaries, capital stock of certain of our subsidiaries, certain promissory notes or other instruments payable by certain of our subsidiaries, foreign intellectual property and assets outside the United States to the extent a lien on such assets cannot be perfected by the filing of Uniform Commercial Code financing statements, certain applications for trademarks or service marks filed in the United States Patent and Trademark Office, deposit and securities accounts which consist of certain withheld income taxes, federal, state or local employment taxes, or amounts required to be paid over to an employee benefit plan pursuant to applicable law, all segregated deposit accounts constituting tax accounts, payroll accounts and trust accounts, cash and cash equivalents maintained in certain accounts of a Subsidiary Guarantor that is an investment advisor, deposit and securities accounts, to the extent the aggregate value of assets therein does not exceed a certain amount, motor vehicles, aircraft and other assets in which a lien may be perfected only through compliance with a non-UCC certificate of title statute, letter of credit rights and commercial tort claims, equipment leased by us or our subsidiaries under a lease that does not permit the granting of a lien on such equipment, any leasehold improvements to the extent that the grant of security interest therein would violate the related lease, assets subject to a purchase money lien, capitalized lease obligation or similar arrangement, in each case to the extent the agreement governing such lease, obligation or arrangement prohibits such assets from being used as collateral, capital stock of or equity interest in any person other than wholly-owned subsidiaries to the extent not permitted by the terms of such person s organizational documents, any property and assets the pledge of which is prohibited or restricted by applicable law, rule or regulation or would require governmental consent, approval, license or authorization, Excluded Real Property (as defined in Description of the new notes Definitions) or any fixtures affixed to any real property to the extent such real property does not constitute collateral (as defined in Description of the new notes Security) and security

interest in such fixtures may not be perfected by a UCC or similar financing statement in the jurisdiction of organization of the Company or the applicable Subsidiary Guarantor, proceeds and any products in the aforementioned (to the extent such proceeds or products would constitute excluded assets described above), and certain other items agreed to by the parties and as more fully set forth in the security documents. *See* Description of the new notes included elsewhere in this prospectus. In addition, the assets of our broker-dealer and certain of our

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other subsidiaries will not be part of the collateral securing the notes and note guarantees. If an event of default occurs and the notes are accelerated, the notes and the note guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded property.

To the extent that the claims of the holders of the notes and the holders of the other indebtedness and obligations secured by the collateral exceed the value of the assets securing the notes and such other indebtedness and obligations, those claims will rank equally with the claims of the holders of unsecured and unsubordinated creditors. As a result, if such proceeds were not sufficient to repay amounts outstanding under the notes, then holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would only have an unsecured claim against our remaining assets.

The notes will be structurally subordinated to claims of creditors of non-guarantor subsidiaries.

The notes will be structurally subordinated to indebtedness and other liabilities of subsidiaries that will not be guarantors under the notes including our Regulated Subsidiaries. Our non-guarantor subsidiaries had, before intercompany eliminations, $2.3 billion of total liabilities, including trade payables and $2.6 billion of total assets as of June 30, 2017, and had operating revenue, before intercompany eliminations, of $860.5 million for the year ended December 31, 2016. Any right that we or the Subsidiary Guarantors have to receive any assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of the notes to realize proceeds from the sale of any of those subsidiaries assets, will be structurally subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any future non-guarantor subsidiaries, such non-guarantor subsidiaries will pay the holders of their debts, holders of their preferred equity interests and their trade creditors before they will be able to distribute any of their assets to us.

Because each Subsidiary Guarantor s liability under its note guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the Subsidiary Guarantors.

Although you have the benefit of the note guarantees, a note guarantee is limited to the maximum amount that the applicable Subsidiary Guarantor is permitted to guarantee under applicable law. As a result, a Subsidiary Guarantor s liability under its note guarantee could be reduced to zero, depending upon the amount of other obligations of such Subsidiary Guarantor. Further, under the circumstances discussed more fully below, a court under federal and state fraudulent conveyance and transfer statutes could void the obligations under a note guarantee or further subordinate it to all other obligations of the Subsidiary Guarantor. *See* Federal and state fraudulent transfer laws may permit a court to void the notes and the note guarantees, subordinate claims in respect of the notes and any guarantees and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes included elsewhere in this prospectus. In addition, you will lose the benefit of a particular note guarantee if it is released under certain circumstances described under Description of the new notes Use and Release of Collateral.

There may not be sufficient collateral to pay all or any of the notes, especially if we incur additional secured indebtedness as permitted under the notes, which will dilute the value of the collateral securing the notes.

Under the terms of the indenture governing the notes we also will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the collateral securing the notes. Any additional obligations secured by a lien on the collateral (whether senior to or equal with the lien of the notes) will dilute the value of the collateral.

The proceeds from the sale of all such collateral may not be sufficient to satisfy the amounts outstanding under the notes and all other indebtedness and obligations secured by such liens. If such proceeds were not sufficient to repay amounts outstanding under the notes, then holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would only have an unsecured claim against our remaining assets.

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You may have limited rights to enforce remedies under the security documents, and the collateral may be released without your consent in certain circumstances.

If we issue additional pari passu lien indebtedness, subject to our compliance with the restrictive covenants in the indenture governing the notes at the time we issue such additional senior secured indebtedness, the collateral agent will enter into an intercreditor agreement with the collateral agent for the holders of such additional pari passu lien indebtedness. Under the terms of the intercreditor agreement, the collateral agent will pursue remedies and take other action related to the collateral, including the release thereof, pursuant to the direction of the authorized representative for the holders of the largest class of outstanding obligations secured by liens on the collateral, including the notes. There can be no assurance that the notes will always represent the largest class of obligations secured by liens on the collateral. Accordingly, note holders may not always have the right to control the remedies and the taking of other actions related to the collateral.

In addition, all collateral sold or otherwise disposed of in accordance with the terms of the documents governing the pari passu lien obligations will automatically be released from the lien securing the notes and the lien securing the other pari passu lien obligations. Accordingly, any such sale or other disposition in a transaction that does not violate the asset disposition covenant of the indenture governing the notes may result in a release of the collateral subject to such sale or disposition. *See* Description of the new notes Limitation on asset sales.

Under the intercreditor agreement, the collateral agent may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the collateral to secure that financing, subject to conditions and limited exceptions, if at such time the notes are not the largest class of outstanding obligations secured by liens on the collateral. After such a filing, the value of the collateral could materially deteriorate, and the note holders would be unable to raise an objection.

Rights of holders of the notes in the collateral may be adversely affected by the failure to perfect security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the notes and the note guarantees may not be perfected with respect to the claims of the notes and the note guarantees if the collateral agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the indenture.

The Company and the Subsidiary Guarantors have limited obligations to perfect the security interest for the benefit of the holders of the notes in specified collateral. There can be no assurance that the trustee or the collateral agent for the notes will monitor, or that we will inform such trustee or collateral agent of, the future acquisition of assets and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. Neither the trustee nor the collateral agent for the notes has an obligation to monitor the acquisition of additional assets or rights that constitute collateral or the perfection of any security interest. Such failure to monitor may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the notes and the note guarantees against third parties.

Security over certain collateral may not be in place by the closing date of this offering or may not be perfected on the closing date of this offering, which means that the notes will not be secured to that extent.

Certain recordations, notices, filings and other actions to create, perfect or protect the priority of the liens securing the notes and the note guarantees will be taken subsequent to the issuance of the notes. Any delay in such recordations, notices, filings and other actions increase the risk that the liens could be voided or subject to the liens of intervening creditors. To the extent any security interest in the collateral securing the notes cannot be perfected or a valid lien created with respect thereto on or prior to the closing date, we will be required to have all such security interests perfected and/or valid liens created, to the extent required by the indenture and the security documents, promptly following the closing date, but in any event no later than 60 days after such date and no later than 90 days after such date for deposit accounts. We cannot assure you that we will be able to perfect and/or create a valid lien with respect to any such security interests on or prior to that date, and our failure to do so may result in a default under the indenture. To the extent a security interest in any of the collateral is created or perfected following the

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issuance date of the notes, the security interest would remain at risk of being voided as a preferential transfer by a trustee in bankruptcy or being subject to the liens of intervening creditors.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest. The source of funds for any such purchase of the notes will be our available cash or cash generated from our and our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase the notes unless we are able to obtain financing. Our failure to repurchase the notes upon a change of control would cause a default under the indenture governing the notes.

In addition, the change of control provisions in the indenture may not protect you from certain important corporate events, such as a leveraged recapitalization (which would increase the level of our indebtedness), reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a Change of Control under the indenture. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change that constitutes a Change of Control as defined in the indenture that would trigger our obligation to repurchase the notes. Therefore, if an event occurs that does not constitute a Change of Control as defined in the indenture, we will not be required to make an offer to repurchase the notes and you may be required to continue to hold your notes despite the event. *See* Description of the new notes Repurchase of the Notes upon a Change of Control.

In the event of a bankruptcy of the Company or any of the Subsidiary Guarantors, holders of the notes may be deemed to have an unsecured claim to the extent that obligations in respect of the notes exceed the fair market value of the collateral securing the notes.

In any bankruptcy case under Title 11 of the United States Code, as amended, or the Bankruptcy Code, with respect to the Company or any of the Subsidiary Guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the value of the collateral with respect to the notes on the date of such valuation is less than the then-current principal amount of the notes and all other obligations with equal and ratable security interests in the collateral. Upon a finding by the bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy case with respect to the notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the notes to receive adequate protection under the Bankruptcy Code. In addition, if any payments of post-petition interest had been made prior to the time of such a finding of under-collateralization, those payments could be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the notes.

Bankruptcy laws may limit the ability of holders of the notes to realize value from the collateral.

The right of the collateral agent to repossess and dispose of the collateral upon the occurrence of an event of default under the indenture is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be commenced by or against the Company or any of the Subsidiary Guarantors before the collateral agent repossessed and disposed of the collateral. For example, under the Bankruptcy Code, pursuant

to the automatic stay imposed upon the bankruptcy filing, a secured creditor is prohibited from repossessing its collateral from a debtor in a bankruptcy case, or from disposing of collateral repossessed from such debtor, or taking other actions to levy against a debtor, without bankruptcy court approval after notice and a hearing. Moreover, the Bankruptcy Code permits the debtor to continue to retain and to use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection is undefined in the Bankruptcy Code and may vary according to circumstances (and is within the discretion of the bankruptcy court), but it is intended in general to protect the secured creditor s interest in the collateral from diminishing in value during the pendency of the bankruptcy case and may include periodic payments

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or the granting of additional security, if and at such times as the court in its discretion determines, for any diminution in the value of the collateral as a result of the automatic stay or any use of the collateral by the debtor during the pendency of the bankruptcy case. A bankruptcy court could conclude that the secured creditor s interest in its collateral is adequately protected against any diminution in value during the bankruptcy case without the need of providing any additional adequate protection. Due to the imposition of the automatic stay, the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict (i) how long payments under the notes could be delayed, or, if made at all, following commencement of a bankruptcy case, (ii) whether or when the collateral agent could repossess or dispose of the collateral or (iii) whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of adequate protection. The note holders may receive in exchange for their claims a recovery that could be substantially less than the amount of their claims (potentially even nothing) and any such recovery could be in the form of cash, new debt instruments or some other security.

In addition to the limitations described above, the collateral agent s ability to exercise remedies with respect to the collateral on behalf of the note holders may also be challenged on the basis of the collateral agent s security interest not being perfected (or in the case of equity interests in foreign subsidiaries or their obligations, if any, included in the collateral, on grounds that such security interests are not created or perfected in accordance with applicable foreign law), the consent of third parties, contractual restrictions, priority issues, state law requirements and practical problems associated with the realization of the collateral agent s security interest in the collateral securing the notes, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, statutory rights of redemption and the effect of the order of foreclosure. For example, the collateral agent may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the collateral agent will be able to obtain any such consent, transfer or maintain in effect any such contracts. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

Any future pledge of collateral or guarantee in favor of the holders of the notes might be voidable in bankruptcy.

Any future pledge of collateral or guarantee in favor of the holders of the notes might be voidable (that is, cancelled) in a bankruptcy case of the pledgor or Subsidiary Guarantor if certain events or circumstances exist or occur, including, under the Bankruptcy Code, if the pledgor or Subsidiary Guarantor is insolvent at the time of the pledge or guarantee, the pledge or guarantee enables the holders of the notes to receive more than they would if the pledge or guarantee had not been made and the debtor were liquidated under chapter 7 of the Bankruptcy Code, and a bankruptcy case in respect of the pledgor is commenced within 90 days following the pledge (or one year before commencement of a bankruptcy case if the creditor that benefited from the lien or guarantee is an insider under the Bankruptcy Code).

The notes could be wholly or partially voided as a preferential transfer.

If we become the subject of a bankruptcy proceeding within 90 days after the date of the indenture (or, with respect to any insiders specified in bankruptcy law who are holders of the notes, within one year after we issue the notes), and the court determines that we were insolvent at the time of the closing (under the preference laws, we would be presumed to have been insolvent on and during the 90 days immediately preceding the date of filing of any bankruptcy petition), the court could find that the incurrence of the obligations under the notes involved a preferential transfer. In addition, to the extent that certain of our collateral is not perfected until after closing, such 90-day preferential transfer period would begin on the date of perfection. If the court determined that the granting of the security interest was therefore a preferential transfer, which did not qualify for any defense under bankruptcy law, then holders of the notes would be unsecured creditors with claims that ranked pari passu with all other unsecured creditors of the applicable obligor, including trade creditors. In addition, under such circumstances, the value of any consideration holders received pursuant to the notes, including upon foreclosure of the collateral securing the notes and the note guarantees, could also be subject to recovery from such holders and possibly from subsequent assignees, or such holders might be returned to the same position they held as holders of the notes.

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Federal and state fraudulent transfer laws may permit a court to void the notes and the note guarantees, subordinate claims in respect of the notes and any guarantees and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes, the incurrence of any guarantees of the notes entered into upon issuance of the notes and subsidiary guarantees that may be entered into thereafter under the terms of the indenture governing the notes and the granting of liens to secure the notes and the guarantees. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes, any guarantee or any of the liens securing the notes and the guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the notes, incurred its guarantee or granted the liens with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for issuing the notes, incurring its guarantee or granting the liens and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;

- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business; or

- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor s ability to pay such debts as they mature.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or new or antecedent debt is secured or satisfied.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors other debt. Generally, however, an entity would be considered solvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In addition, the court may avoid and set aside the liens securing the collateral. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes.

Although each guarantee entered into by a subsidiary will contain a provision intended to limit that guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being

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voided under fraudulent transfer law, or may reduce that guarantor s obligation to an amount that effectively makes its guarantee worthless.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and there can be no assurance that any rating assigned by the rating agencies will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital, which could have a material adverse impact on our financial condition and results of operations.

The market price for the notes may be volatile.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuations in the price of the securities. Even if a trading market for the notes develops, it may be subject to disruptions and price volatility. Any disruptions may have a negative effect on note holders, regardless of our prospects and financial performance.

An increase in market interest rates could result in a decrease in the value of the notes.

In general, the market value of already outstanding debt instruments similar to the notes bearing interest at a fixed rate will decline if and as market interest rates for similar instruments of issuers generally rise. Consequently, if you purchase the notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Certain covenants contained in the indenture will not be applicable during any period in which the notes are rated investment grade.

The indenture governing the notes will provide that certain covenants will not apply to us during any period in which the notes are rated investment grade by either S&P or Moody s and no default has otherwise occurred and is continuing under the indenture. The covenants that would be suspended include, among others, restrictions on our ability to pay dividends, incur indebtedness, sell certain assets, enter into transactions with affiliates and to enter into certain other transactions. Any actions that we take while these covenants are not in force will be permitted even if the notes are subsequently downgraded below investment grade and such covenants are subsequently reinstated. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, the notes will maintain such ratings. Holders of notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the notes.

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USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. Any old notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled. We used a portion of the net proceeds from the offering of the old notes to redeem in full our 8.75% Senior Secured Notes due April 15, 2018 (the 8.75% Notes), and pay all related fees and expenses in relation thereto. The 8.75% Notes were jointly and severally guaranteed and fully and unconditionally guaranteed by the same entities that guarantee the new notes, with the same legal aspects of the guarantee arrangement.

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RATIO OF EARNINGS TO FIXED CHARGES (1)

We present below our ratio of earnings to fixed charges, which is computed by dividing earnings, which is the sum of income (loss) before income taxes and fixed charges, by fixed charges. Fixed charges represent interest expense, amortization of debt issuance costs, and an appropriate portion of rentals representative of the interest factor.

	Six Months Ended June 30, 2017	Year Ended December 31, 2016	2015	2014	2013	2012
			(Dollars in thousands)			
Income (Loss) Before Income Taxes	$ (8,662)	$ (21,892)	$ 6,711	$ 25,736	$ 43,909	$ (527)
Add Fixed Charges:						
Interest Expense(2)	12,210	19,437	17,323	17,801	26,142	35,086
Amortization of Debt Issuance Costs	653	484	485	1,118	639	639
Appropriate Portion of Rentals Representative of the Interest Factor(3)	8,309	14,807	15,308	15,208	15,454	17,075
Total Fixed Charges	$ 21,172	34,728	33,116	34,127	42,235	
Earnings	$ 12,510	12,836	39,827	59,863	86,144	52,273
Ratio of Earnings to Fixed Charges(4)			1.2	1.8	2.0	

(1) The ratio of earnings to fixed charges is computed by dividing earnings, which is the sum of income (loss) before income taxes and fixed charges, by fixed charges. Fixed charges represent interest expense, amortization of debt issuance costs, and an appropriate portion of rentals representative of the interest factor.

(2) In addition to interest expense on long-term debt, also includes interest expenses on short-term borrowings including bank call loans, securities lending, and repurchase agreements which generally have a corresponding asset that generates interest income that substantially offsets or exceeds the aforementioned interest expense.

(3) The percent of rent included in the computation is a reasonable approximation of the interest factor.

(4) Due to the Company s pre-tax losses in the years ended December 31, 2012 and December 31, 2016 and for the six month period ended June 30, 2017, the ratio coverage was less than 1:1 in these periods. The Company would have needed to generate additional earnings of $527,000 in 2012, $21.9 million in 2016, and $8.7 million for the six month period ended June 30, 2017 to achieve a coverage of 1:1.

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THE EXCHANGE OFFER

Terms of the Exchange Offer; Period for Tendering Old Notes

Subject to terms and conditions detailed in this prospectus, we will accept for exchange old notes which are properly tendered on or prior to the expiration date and not withdrawn as permitted below. As used herein, the term *expiration date* means 5:00 p.m., New York City time, on September 14, 2017. We may, however, in our sole discretion, extend the period of time during which the exchange offer is open. The term *expiration date* means the latest time and date to which the exchange offer is extended.

As of the date of this prospectus, $200.0 million aggregate principal amount of old notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent on or about the date hereof, to all holders of old notes known to us.

We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and delay acceptance for exchange of any old notes, by giving oral or written notice of such extension to the holders thereof as described below. During any such extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Old notes tendered in the exchange offer must be in denominations of principal amount of $2,000 and integral multiples of $1,000.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any old notes, upon the occurrence of any of the conditions of the exchange offer specified under Conditions to the exchange offer. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

Procedures for Tendering Old Notes

The tender to us of old notes by you as set forth below and our acceptance of the old notes will constitute a binding agreement between us and you upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. Except as set forth below, to tender old notes for exchange pursuant to the exchange offer, you must transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal or, in the case of a book-entry transfer, an agent s message in lieu of such letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as exchange agent, at the address set forth below under Exchange Agent on or prior to the expiration date. In addition, either:

- certificates for such old notes must be received by the exchange agent along with the letter of transmittal; or

- a timely confirmation of a book-entry transfer (a book-entry confirmation) of such old notes, if such procedure is available, into the exchange agent s account at DTC pursuant to the procedure for book-entry transfer must be received by the exchange agent, prior to the expiration date, with the letter of transmittal or an agent s message in lieu of such letter of transmittal.

The term *agent s message* means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant stating that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant.

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The method of delivery of old notes, letters of transmittal and all other required documents is at your election and risk. If such delivery is by mail, it is recommended that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letter of transmittal or old notes should be sent to us. Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

- by a holder of the old notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or

- for the account of an eligible institution (as defined below).

In the event that signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, such guarantees must be by a firm which is a member of the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange Medallion Program (each such entity being hereinafter referred to as an eligible institution). If old notes are registered in the name of a person other than the signer of the letter of transmittal, the old notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as we or the exchange agent determine in our sole discretion, duly executed by the registered holders with the signature thereon guaranteed by an eligible institution.

We in our sole discretion will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of old notes tendered for exchange. We reserve the absolute right to reject any and all tenders of any particular old note not properly tendered or to not accept any particular old note which acceptance might, in our judgment or our counsel s, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old note either before or after the expiration date (including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer). Our interpretation of the term and conditions of the exchange offer as to any particular old note either before or after the expiration date (including the letter of transmittal and the instructions thereto) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within a reasonable period of time, as we determine. We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of old notes for exchange, and no one will be liable for failing to provide such notification.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of old notes, such old notes must be endorsed or accompanied by powers of attorney signed exactly as the name(s) of the registered holder(s) that appear on the old notes and the signatures must be guaranteed by an eligible institution.

If the letter of transmittal or any old notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

By tendering old notes, you represent to us that, among other things, the new notes acquired pursuant to the exchange offer are being obtained in the ordinary course of business of the person receiving such new notes, whether or not such person is the holder, that neither the holder nor such other person has any arrangement or understanding with any person, to participate in the distribution of the new notes, and that you are not

holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering. If you are our affiliate, as defined under Rule 405 under the Securities Act, and engage in or intend to engage in or have an arrangement or understanding with any person to participate in a distribution of such new notes to be acquired pursuant to the exchange offer, you or any such other person:

- cannot rely on the applicable interpretations of the staff of the SEC; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

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Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. *See* Plan of Distribution. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

Furthermore, any broker-dealer that acquired any of its old notes directly from us:

- may not rely on the applicable interpretation of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (Apr. 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

- must also be named as a selling security holder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all old notes properly tendered and will issue the new notes promptly after acceptance of the old notes. *See* Conditions to the Exchange Offer. For purposes of the exchange offer, we will be deemed to have accepted properly tendered old notes for exchange if and when we give oral (confirmed in writing) or written notice to the exchange agent.

The holder of each old note accepted for exchange will receive a new note in the amount equal to the surrendered old note. Holders of new notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid on the old notes. Holders of new notes will not receive any payment in respect of accrued interest on old notes otherwise payable on any interest payment date, the record date for which occurs on or after the consummation of the exchange offer.

In all cases, issuance of new notes for old notes that are accepted for exchange will be made only after timely receipt by the exchange agent of:

- a timely book-entry confirmation of such old notes into the exchange agent s account at DTC,

- a properly completed and duly executed letter of transmittal or an agent s message in lieu thereof, and

- all other required documents.

If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged old notes will be returned without expense to the tendering holder (or, in the case of old notes tendered by book entry transfer into the exchange agent s account at DTC pursuant to the book-entry procedures described below, such non-exchanged old notes will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer).

Book-Entry Transfers

For purposes of the exchange offer, the exchange agent will request that an account be established with respect to the old notes at DTC within two business days after the date of this prospectus, unless the exchange agent has already established an account with DTC suitable for the exchange offer. Any financial institution that is a participant in DTC may make book-entry delivery of old notes by causing DTC to transfer such old notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Although delivery of old notes may be effected through book-entry transfer at DTC, the letter of transmittal or facsimile thereof or an agent s message in lieu thereof, with any required signature guarantees and any other required documents, must, in any case,

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be transmitted to and received by the exchange agent at the address set forth under Exchange Agent on or prior to the expiration date.

Withdrawal Rights

You may withdraw your tender of old notes at any time prior to the expiration date. To be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses set forth under Exchange Agent. This notice must specify:

- the name of the person having tendered the old notes to be withdrawn,
- the old notes to be withdrawn (including the principal amount of such old notes), and
- where certificates for old notes have been transmitted, the name in which such old notes are registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless such holder is an eligible institution. If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of DTC.

We will make a final and binding determination on all questions as to the validity, form and eligibility (including time of receipt) of such notices. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes tendered for exchange but not exchanged for any reason will be returned to the holder without cost to such holder (or, in the case of old notes tendered by book-entry transfer into the exchange agent s account at DTC pursuant to the book-entry transfer procedures described above, such old notes will be credited to an account maintained with DTC for the old notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer). Properly withdrawn old notes may be retendered by following one of the procedures described under Procedures for Tendering Old Notes above at any time on or prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we are not required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate or amend the exchange offer, if any of the following events occur prior to acceptance of such old notes:

- the exchange offer violates any applicable law or applicable interpretation of the staff of the SEC; or

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree has been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result thereof, or resulting in a material delay in our ability to accept for exchange or exchange some or all of the old notes pursuant to the exchange offer,

- or any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any government or governmental authority, domestic or foreign, or any action has been taken, proposed or threatened, by any government, governmental authority, agency or court, domestic or foreign, that in our sole judgment might, directly or indirectly, result in any of the consequences referred to in the clauses above or, in our reasonable judgment, might result in the holders of new notes having obligations with respect to resales and transfers of new notes which are greater than those described in the

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interpretation of the SEC referred to on the cover page of this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or

- there has occurred:

- any general suspension of or general limitation on prices for, or trading in, our securities on any national securities exchange or in the over-the-counter market,

- any limitation by a governmental agency or authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer,

- a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit, or

- a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

which in our reasonable judgment in any case, and regardless of the circumstances (including any action by us) giving rise to any such condition, makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any condition or may be waived by us in whole or in part at any time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time.

In addition, we will not accept for exchange any old notes tendered, and no new notes will be issued in exchange for any such old notes, if at such time any stop order is threatened or in effect with respect to the Registration Statement, of which this prospectus constitutes a part, or the qualification of the indenture under the Trust Indenture Act.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., *Exchange Agent*

c/o The Bank of New York Mellon Corporation

Corporate Trust Operations - Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, New York 13057
Attn: Melissa Volick

Facsimile: (732) 667-9408

Telephone: (315) 414-3349

Email: CT_Reorg_Unit_Inquiries@bnymellon.com

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

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Fees and Expenses

The principal solicitation is being made by mail by The Bank of New York Mellon Trust Company, N.A., as exchange agent. We will pay the exchange agent customary fees for its services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including fees and expenses of the trustee under the indenture relating to the new notes, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates officers and regular employees and by persons so engaged by the exchange agent.

Accounting Treatment

We will record the new notes at the same carrying value as the old notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offer will be amortized over the term of the new notes.

Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any related transfer taxes, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange Old Notes

If you do not exchange your old notes for new notes in the exchange offer, your old notes will continue to be subject to the provisions of the indenture relating to the notes regarding transfer and exchange of the old notes and the restrictions on transfer of the old notes described in the legend on your certificates. These transfer restrictions are required because the old notes were issued under an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the old notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the old notes under the Securities Act. Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

- you are our affiliate, as defined in Rule 405 under the Securities Act,

- you are not acquiring the new notes in the exchange offer in the ordinary course of your business,

- you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes you will receive in the exchange offer,

- you are holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering, or

- you are a participating broker-dealer.

We do not intend to request the SEC to consider, and the SEC has not considered, the exchange offer in the context of a similar no-action letter. As a result, we cannot guarantee that the staff of the SEC would make a similar determination with respect to the exchange offer as in the circumstances described in the no action letters discussed above. Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to

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engage in, a distribution of new notes and has no arrangement or understanding to participate in a distribution of new notes. If you are our affiliate, are engaged in or intend to engage in a distribution of the new notes or have any arrangement or understanding with respect to the distribution of the new notes you will receive in the exchange offer, you may not rely on the applicable interpretations of the staff of the SEC and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. If you are a participating broker-dealer, you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes. In addition, to comply with state securities laws, you may not offer or sell the new notes in any state unless they have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with. The offer and sale of the new notes to qualified institutional buyers (as defined in Rule 144A of the Securities Act) is generally exempt from registration or qualification under state securities laws. We do not plan to register or qualify the sale of the new notes in any state where an exemption from registration or qualification is required and not available.

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DESCRIPTION OF THE NEW NOTES

We will issue the new notes under the indenture, dated as of June 23, 2017 (the **Indenture**) among us, as issuer, the Subsidiary Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the **Trustee**), and as collateral agent (in such capacity, the **Collateral Agent**). This is the same Indenture under which the old notes were issued. The form and terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.

The following is a summary of certain of the material provisions of the Indenture, the Registration Rights Agreement and the Security Documents but does not restate such documents in their entirety. We urge you to read the Indenture, the Registration Rights Agreement and the Security Documents because they, and not this description, define your rights as holders of the notes (the **Holders**). We will provide you with copies of the Indenture and the Security Documents upon request. The terms of the notes include those stated in the Indenture and the Security Documents and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the **TIA**). For purposes of this Description of the new notes, the terms **we**, **us**, **our** or **the Company** means Oppenheimer Holdings, Inc. and its successors under the Indent in each case excluding its subsidiaries. Certain of our subsidiaries, which we refer to as our Regulated Subsidiaries, are not subject to all of the restrictive covenants in the Indenture which place limitations on our actions, and where they are subject to covenants, there are numerous exceptions and limitations. As of June 30, 2017, Regulated Subsidiaries represented 92.83% of our total assets. For the six months ended June 30, 2017 and the year ended December 31, 2016, Regulated Subsidiaries represented 100.85% and 100.31% of our total revenues, respectively, and incurred a net loss from continuing operations of $2.2 million and $9.2 million, respectively.

General

The notes will be our senior secured obligations, initially limited to $200,000,000 aggregate principal amount. The notes will mature on July 1, 2022. Subject to the covenants described below under Covenants and applicable law, the Company may issue additional notes (**Additional Notes**) under the Indenture. References to notes means the notes initially issued and any Additional Notes *provided* that the Company Incurred such Additional Notes in compliance with the covenant described under the caption Covenants Limitation on Indebtedness and Issuances of Preferred Stock below. The notes offered hereby, the old notes and any Additional Notes are treated as a single class for all purposes under the Indenture; *provided* that if the Additional Notes are not fungible with the notes and any exchange notes for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP number.

Interest on the notes will accrue, from the Closing Date, at the rate per annum shown on the cover page hereof and will be payable semiannually in cash on each January 1 and July 1, commencing January 1, 2018. We will make interest payments on the notes to the persons who are registered holders at the close of business on the December 15 and June 15 immediately preceding the applicable interest payment date. Interest on the notes will accrue from the most recent date on which interest on the notes was paid or, if no interest has been paid, from and including the date on which the notes were originally issued. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

We may redeem the notes, in whole or in part, at any time on or after July 1, 2019. The redemption price for the notes (expressed as a percentage of principal amount), will be as follows, plus accrued interest and Additional Interest (if any) to, but not including, the redemption date:

If Redeemed During the 12-Month Period Commencing July 1,	Redemption Price
2019	103.375%
2020	101.6875%
2021 and thereafter	100.00%

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In addition, prior to July 1, 2019, we may redeem the notes at our option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, but not including, the applicable redemption date.

In addition, at any time prior to July 1, 2019, we may redeem up to 35% of the principal amount of the notes with the Net Cash Proceeds of one or more sales of our Capital Stock (other than Disqualified Stock) at a redemption price of 106.75% of their principal amount, plus accrued interest and Additional Interest (if any) to, but not including, the redemption date; *provided* that at least 65% of the original aggregate principal amount of notes (calculated after giving effect to any issuance of Additional Notes) remains outstanding after each such redemption and notice of any such redemption is sent within 90 days of each such sale of Capital Stock.

Notwithstanding the foregoing, in connection with any tender offer of the notes at a price of at least 100% of the principal amount of the notes tendered, plus accrued and unpaid interest thereon to, but excluding, the applicable tender settlement date, including an Offer to Purchase in connection with a Change of Control or an Asset Sale, if holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in such tender offer and the Company, or any third party making such tender offer in lieu of the Company, purchases all of the notes validly tendered and not withdrawn by such holders, the Company or such third party will have the right, upon not less than 30 nor more than 90 days prior notice, given not more than 30 days following such purchase date, to redeem all notes that remain outstanding following such purchase at a price equal to the price offered to each other holder in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest to but excluding the date of redemption.

We will give not less than 30 days nor more than 90 days notice of any redemption. If less than all of the notes are to be redeemed, selection of the notes for redemption will be made, in the case of global notes, in accordance with The Depositary Trust Company s policies and procedures, and, in the case of certificated notes, by lot or by such other method as the Trustee shall deem to be fair and appropriate.

However, no note of $2,000 in principal amount or less shall be redeemed in part. If any note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original note.

Any redemption and notice of redemption may, at the Company s discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to a sale of Capital Stock, the consummation of such sale). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Company s discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (as determined in the Company s sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. The Company will provide prompt written notice to the Trustee no later than 11:00 a.m. New York City time on the date fixed for redemption rescinding or extending such redemption in the event that any such condition precedent shall not have occurred, and such redemption and notice of redemption shall be rescinded and of no force or effect, or extended, as applicable. Upon receipt of such notice from the Company rescinding or extending such redemption, the Trustee will promptly send a copy of such notice to the holders of the notes to be redeemed in the same manner in which the notice of redemption was given.

Ranking

The payment of the principal of, premium, if any, and interest and Additional Interest on the notes and the payment of any Subsidiary Guarantee will:

- rank effectively senior in right of payment to all unsecured and unsubordinated obligations of the Company or the relevant Subsidiary Guarantor, to the extent of the value of the Collateral owned by the Company or such Subsidiary Guarantor (and, to the extent of any unsecured remainder after

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payment of the value of the Collateral, rank equally in right of payment with such unsecured and unsubordinated Indebtedness of the Company);

- be secured on a first-priority basis by the Collateral, subject to certain Permitted Liens and it is intended that Pari Passu Lien Indebtedness will be secured on an equal and ratable basis;

- rank senior in right of payment to any subordinated debt of the Company or such Subsidiary Guarantor; and

- rank effectively junior in right of payment to all existing and future indebtedness, claims of holders of Preferred Stock and other liabilities (including trade payables) of Subsidiaries of the Company that are not guarantors, including all Regulated Subsidiaries and Unrestricted Subsidiaries.

As of June 30, 2017, our long-term debt was comprised of the $200 million of old notes. This offering will not have any effect on the total amount of our 6.75% Senior Secured Notes due 2022 outstanding. Although the Indenture contains limitations on the amount of additional Indebtedness and secured Indebtedness that the Company and its Restricted Subsidiaries may incur, the amount of additional Indebtedness, including secured Indebtedness, could be substantial. In addition, the Company and its Restricted Subsidiaries may, subject to certain conditions, incur Indebtedness (including Additional Notes) in addition to the notes that is entitled to be secured by the Collateral on a ratable basis with the notes. *See* Limitation on Indebtedness and Issuances of Preferred Stock.

We currently derive substantially all of our revenue from the operations of our Regulated Subsidiaries. As our obligations under the notes are not guaranteed by our Regulated Subsidiaries, creditors of a Regulated Subsidiary, including trade creditors, customers, and preferred stockholders, if any, of such Regulated Subsidiary generally will have priority with respect to the assets and earnings of such Regulated Subsidiary over the claims of the Holders. The notes, therefore, will be effectively subordinated to the claims of creditors, including trade creditors, customers and preferred stockholders, if any, of our Regulated Subsidiaries. As of June 30, 2017, our Regulated Subsidiaries had $2.1 billion outstanding in such liabilities.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured, (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same collateral or (3) Indebtedness that is not guaranteed as subordinated or junior to Indebtedness that is guaranteed merely because of such guarantee.

Subsidiary Guarantees

The Subsidiary Guarantors will, jointly and severally, fully and unconditionally guarantee, on a senior secured basis, the Company s obligations under the notes and the Indenture (each such guarantee, a **Subsidiary Guarantee**). Each Subsidiary Guarantee will be secured on a first-priority basis, subject to Permitted Liens, together with all other Pari Passu Lien Indebtedness of the Subsidiary Guarantors, by the Collateral owned by such Subsidiary Guarantor to the extent set forth under Security . The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will include a limitation intended to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or fraudulent transfer under

applicable law. It is uncertain, however, whether such provisions would be effective to prevent the Subsidiary Guarantees from constituting a fraudulent conveyance or fraudulent transfer under applicable law. *See* Risk factors Risk related to the Notes Under certain circumstances a court could cancel the notes or the related guarantees and the security interests that secure the notes and any Subsidiary Guarantees under fraudulent conveyance laws . Most of the Company s Subsidiaries will not Guarantee the notes including, without limitation, Regulated Subsidiaries. As of and for the six months ended June 30, 2017 and as of and for the year ended December 31, 2016, the Company s Subsidiaries that will not Guarantee the notes represented 100% and 100.5%, respectively, of our total assets and 100.9% and 100.3%, respectively of our total revenues and incurred a net loss from continuing operations of $9.6 million for the six months ended June 30, 2017 and $17.3 million for the year ended December 31, 2016.

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Each Subsidiary Guarantee by a Subsidiary Guarantor under the Indenture and the obligations of such Subsidiary Guarantor under the Security Agreement and other Security Documents to which it is a party, will be automatically and unconditionally released and discharged upon:

(i) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Subsidiary Guarantor, following which such Subsidiary Guarantor ceases to be a direct or indirect Subsidiary of the Company if such sale or disposition either does not constitute an Asset Sale or does constitute an Asset Sale effected in compliance with the covenants set forth under Limitation on Asset Sales and Consolidation, Merger and Sale of Assets ;

(ii) if such Subsidiary Guarantor is dissolved or liquidated;

(iii) the designation of any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Indenture; or

(iv) the exercise by the Company of its legal defeasance option or covenant defeasance option as described under Defeasance or the discharge of the Company s obligations under the Indenture in accordance with the terms of the Indenture.

Security

The obligations of the Company with respect to the notes and the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees will be secured by a first-priority security interest, subject to Permitted Liens, in substantially all of the Company s and the Subsidiary Guarantors existing and future tangible and intangible assets, including (without limitation):

(a) 100% of the Capital Stock of or Equity Interests in direct Domestic Subsidiaries owned by the Company and the Subsidiary Guarantors and 65% of the voting stock and 100% of the non-voting stock of direct Subsidiaries that are not Domestic Subsidiaries owned by the Company and the Subsidiary Guarantors;

(b) accounts;

(c) equipment, goods, inventory and fixtures;

(d) documents, instruments and chattel paper;

(e) investment property;

(f) general intangibles (including intellectual property);

(g) deposit accounts;

(h) money;

(i) supporting obligations;

(j) books and records;

(k) present and future real estate (other than any leased real property and any owned real property having a purchase price of less than $5.0 million (**Excluded Real Property**)); and

(l) proceeds of each of the foregoing (collectively, the **Collateral**).

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Notwithstanding the foregoing, the Collateral will not include any of the following assets (collectively, the **Excluded Property**):

(1) any asset or property right of the Company or any Subsidiary Guarantor of any nature:

(a) if the grant of a security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of such asset or property right or the Company or any Subsidiary Guarantor loss of use of such asset or property right or (ii) a breach, termination or default under any lease, license, contract, property right, permit or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity) to which the Company or such Subsidiary Guarantor is party; or

(b) to the extent that any applicable law or regulation prohibits the creation of a security interest thereon (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity);

(2) Equity Interests of each class of voting equity interests issued by any first-tier Subsidiary that is not a Domestic Subsidiary in excess of 65% of such class of voting Equity Interests issued by such first-tier Subsidiary and all the Equity Interests in Oppenheimer Cooperative U.A., an entity formed under the laws of the Netherlands;

(3) Capital Stock of (i) Oppenheimer Trust Company of Delaware, a corporation formed under the laws of Delaware, Oppenheimer Multifamily Housing & Healthcare Finance Inc., a corporation formed under the laws of Pennsylvania, and Oppenheimer Cooperative U.A., an entity formed under the laws of the Netherlands, (ii) any Foreign Subsidiary that is not a first-tier Foreign Subsidiary and (iii) in the case of Capital Stock of any Subsidiary, only to the extent that the value thereof, together with the value of all promissory notes or other instruments payable by such Subsidiary constituting Collateral, equals 20% or more of the notes plus the principal amount at maturity of any other collateral permitted to be taken into consideration in determining whether separate financial information with respect to the issuer thereof would be required to be filed pursuant to Rule 3-16 of Regulation S-X;

(4) promissory notes or other instruments payable by any Subsidiary, to the extent that the value thereof, together with the value of all Capital Stock of such Subsidiary constituting Collateral, equals 20% or more of the notes plus the principal amount at maturity of any other collateral permitted to be taken into consideration in determining whether separate financial information with respect to the issuer thereof would be required to be filed pursuant to Rule 3-16 of Regulation S-X;

(5) any foreign intellectual property and any assets located outside the United States to the extent a Lien on such assets cannot be perfected by the filing of Uniform Commercial Code financing statements;

(6) any applications for trademarks or service marks filed in the United States Patent and Trademark Office (the **PTO**) pursuant to 15 U.S.C. § 1051 Section 1(b) unless and until evidence of use of the mark in interstate commerce is submitted to the PTO pursuant to 15 U.S.C. § 1051 Section 1(c) or Section 1(d);

(7) (i) deposit and securities accounts the balance of which consists exclusively of (a) withheld income taxes and federal, state or local employment taxes in such amounts as are required to be paid to the IRS or state or local government agencies within the following two months with respect to employees of the Company or any of the Subsidiary Guarantors, and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 on behalf of or for the benefit of employees of the Company or any Subsidiary Guarantor, and (ii) all segregated deposit accounts constituting (and the balance of which consists solely of funds set aside in connection with) tax accounts, payroll accounts and trust accounts;

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(8) cash and cash equivalents maintained in any account of any Subsidiary Guarantor that is an investment adviser registered under the Investment Advisers Act of 1940 so long as such account is maintained to satisfy qualified professional asset manager requirements under ERISA;

(9) deposit and securities accounts to the extent the aggregate value of assets therein does not exceed $2.0 million;

(10) motor vehicles, aircraft and other assets in which a Lien may be perfected only through compliance with a non-UCC certificate of title statute of any state of the United States of America or the District of Columbia, letter of credit rights and commercial tort claims;

(11) equipment leased by the Company or any of its Subsidiaries under a lease that prohibits the granting of a Lien on such equipment;

(12) any leasehold improvements to the extent that the grant of a security interest therein would violate the related lease;

(13) assets subject to a purchase money lien, capitalized lease obligation or similar arrangement, in each case as permitted by the Indenture, to the extent that the contract or other agreement in which such Lien is granted (or the documentation providing for such capitalized lease obligation or similar arrangement) prohibits such assets from being Collateral and only for so long as such Lien remains outstanding;

(14) capital stock of or Equity Interests in any Person other than Wholly Owned Subsidiaries to the extent not permitted by the terms of such Person s organizational documents;

(15) any property and assets the pledge of which (i) is prohibited or restricted by applicable law, rule or regulation or (ii) would require governmental consent, approval, license or authorization;

(16) Excluded Real Property or any fixtures affixed to any real property to the extent (A) such real property does not constitute Collateral and (B) security interest in such fixtures may not be perfected by a UCC or similar financing statement in the jurisdiction of organization of the Company or the applicable Subsidiary Guarantor; and

(17) proceeds and products of any and all of the foregoing excluded assets described in clauses (1) through (16) above only to the extent such proceeds and products would constitute property or assets of the type described in clauses (1) through (16) above.

Certain security interests in the Collateral may not be in place on the date of the issuance of the new notes or may not be perfected on the date of the issuance of the new notes. The Company and the Subsidiary Guarantors will use commercially reasonable efforts to perfect the security interests in the Collateral for the benefit of the holders of the notes that are created on the date of the issuance of the new notes, but to the extent any such security interest cannot be perfected by such date, the Company and the Subsidiary Guarantors will agree to do or cause to be done all acts and things that may be reasonably required to have all security interests in the Collateral duly created and enforceable and perfected, to the extent required by the Security Documents, promptly following the date of the indenture, but in any event no later than 60 days thereafter (or 90 days thereafter in the case of perfecting security interests in deposit accounts).

It is intended that the obligations of the Company and the Subsidiary Guarantors under the Additional Notes and other Permitted Pari Passu Obligations will be secured on an equal and ratable basis with the obligations of the Company with respect to the notes and the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees by a first-priority security interest, subject to Permitted Liens, in the Collateral. The respective rights in respect of the Collateral of the Collateral Agent, the Trustee, the holders, any Pari Passu Debt Collateral Agent and the other Pari Passu Secured Parties will be subject to the terms of the Intercreditor Agreement.

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The Equity Interests or intercompany note of a Restricted Subsidiary that are included in the Collateral will constitute Collateral only to the extent that such Equity Interests or intercompany note can secure the notes without Rule 3-16 of Regulation S-X under the Securities Act (or any other law, rule or regulation) requiring separate financial statements of such Restricted Subsidiary to be filed with the SEC. In the event that Rule 3-16 of Regulation S-X under the Securities Act requires or is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, that would require) the filing with the SEC of separate financial statements of any Restricted Subsidiary due to the fact that such Restricted Subsidiary s Equity Interests or intercompany note secures the notes, then the Equity Interests or intercompany note of such Restricted Subsidiary shall automatically be deemed not to be part of the Collateral. In such event, the Security Documents may be amended or modified, without the consent of any Holder of notes, to the extent necessary to release the Liens on the Equity Interests or intercompany note that is so deemed to no longer constitute part of the Collateral.

In the event that Rule 3-16 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to permit (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Restricted Subsidiary s Equity Interests or intercompany note to secure the notes without the filing with the SEC of separate financial statements of such Restricted Subsidiary, then the Equity Interests or intercompany note of such Restricted Subsidiary shall automatically be deemed to be a part of the Collateral. In such event, the Security Documents may be amended or modified, without the consent of any Holder of notes, to the extent necessary to subject such Equity Interests or intercompany note to the Liens under the Security Documents.

In accordance with the limitations set forth in the immediately two preceding paragraphs as in effect on the date hereof, the Collateral will include Equity Interests or intercompany notes of any Restricted Subsidiaries, only to the extent that the applicable value of such Equity Interests or intercompany notes (on a Restricted Subsidiary-by-Restricted Subsidiary basis) is less than 20% of the aggregate principal amount of the notes outstanding. Accordingly, the portion of the Equity Interests or intercompany notes of Restricted Subsidiaries constituting Collateral in the future may decrease or increase as described above.

Unless and until all of the Equity Interests of and intercompany notes issued by Oppenheimer & Co., Inc. are pledged as Collateral without regard to this limitation, Oppenheimer & Co., Inc. will remain a direct Wholly-Owned Subsidiary of Viner Finance Inc. and the Company shall not permit such Equity Interests or intercompany loans to be subject to other Liens.

The Collateral will be pledged pursuant to a security agreement (as amended, supplemented or otherwise modified from time to time, the **Security Agreement**) and other security documents, in each case by and among the Company, the Subsidiary Guarantors party thereto and the Collateral Agent. For the avoidance of doubt, no assets of any Subsidiary that is not a Subsidiary Guarantor (including any Capital Stock owned by any such Subsidiary) shall constitute Collateral.

No appraisals of any of the Collateral have been prepared by or on behalf of the Company in connection with the issuance and sale of the notes. The value of the Collateral is subject to fluctuations based on factors that include, among others, the condition of the particular assets and availability of competing assets, general economic conditions, and the ability to realize on the Collateral as part of a going concern and in an orderly fashion to available and willing buyers and not under distressed circumstances. By its nature, large portions of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, there can be no assurance that the Collateral will be saleable, or, if saleable, that there will not be substantial delays in its liquidation.

To the extent that third parties establish Liens on the Collateral, such third parties could have rights and remedies with respect to the assets subject to such Liens that, if exercised, could adversely affect the value of the Collateral or the ability of the Collateral Agent or the Holders of the notes to realize or foreclose on the Collateral. The Company may also issue Additional Notes as described above or additional Pari Passu

Lien Indebtedness, which would be secured by the Collateral, the effect of which will be to increase the amount of Indebtedness secured by the Collateral.

In addition, the fact that the Collateral may be shared with holders of Pari Passu Lien Indebtedness, that the Collateral excludes certain property, and that certain creditors secured by Permitted Liens may be entitled to a prior

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claim on certain Collateral, there is no assurance that, a foreclosure or other exercise of remedies after an Event of Default will result in proceeds of Collateral that are sufficient to repay the notes, or that the amount of such proceeds so available would not be substantially less than amounts owing under the notes. Moreover, the ability of the holders to realize on the Collateral may be subject to certain bankruptcy law limitations in the event of a bankruptcy. If the proceeds of any of the Collateral were not sufficient to repay all amounts due on the notes, the Holders of the notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the remaining assets of the Company and the Subsidiary Guarantors.

Intercreditor Agreement

If additional secured Indebtedness intended to constitute Pari Passu Lien Indebtedness is issued or incurred in the future, the Company, the Subsidiary Guarantors, the Collateral Agent, and the Authorized Representative for the lenders and other persons holding such additional secured debt (the **Pari Passu Debt Collateral Agent**) will enter into an Intercreditor Agreement (as the same may be amended, supplemented or otherwise modified from time to time, the **Intercreditor Agreement**), with respect to the Collateral, which Intercreditor Agreement may be amended, supplemented or modified from time to time without the consent of the Holders of the notes to add additional lenders or other persons holding Pari Passu Obligations permitted to be incurred under the indenture, the Intercreditor Agreement and any Pari Passu Agreements then in effect.

Collateral Agent

By accepting the notes, each Holder will be deemed to have irrevocably appointed The Bank of New York Mellon Trust Company, N.A., as the Collateral Agent, to act as its agent under the Intercreditor Agreement, the Security Agreement and the other Security Documents, and to have irrevocably authorized the Collateral Agent to perform the duties and exercise the rights and powers that are specifically given to it under the Indenture, the Intercreditor Agreement, the Security Agreement and the other Security Documents, together with any other incidental rights and powers. Under the terms of the Indenture, the Collateral Agent may resign on 30 days prior written notice, and the Collateral Agent may also be removed for cause and replaced by a replacement collateral agent selected by the Company.

The Collateral Agent will hold (directly or through co-trustees, co-agents, agents or sub agents), and will be entitled to enforce, all Liens on the Collateral created by the Security Documents in accordance with the following.

Enforcement of Security Interests

Under the Intercreditor Agreement, if any, the Applicable Authorized Representative will have the right (acting at the written direction of such holders or lenders as are required under its Pari Passu Agreement), under certain circumstances, to direct the Collateral Agent and each Pari Passu Debt Collateral Agent to foreclose or take other actions with respect to the Collateral, and no other party to the Intercreditor Agreement will have the right to direct any action with respect to the Collateral. Except as described below, the Applicable Authorized Representative will be the Authorized Representative of the Series of Pari Passu Obligations that constitutes the largest Outstanding Amount of all then-outstanding Pari Passu Obligations (the **Controlling Authorized Representative**). Upon the occurrence of the Non-Controlling Authorized Representative Enforcement Date (as defined below), the then-Applicable Authorized Representative will be replaced as Applicable Authorized Representative by the Authorized Representative of the Series of Pari Passu Obligations that then constitutes the next largest Outstanding Amount of all

then-outstanding Pari Passu Obligations with respect to the Collateral (the **Major Non-Controlling Authorized Representative**).

The **Non-Controlling Authorized Representative Enforcement Date**, with respect to which a Non-Controlling Authorized Representative becomes the Applicable Authorized Representative is the date that is 90 days (throughout which 90-day period the applicable Non-Controlling Authorized Representative was the Major Non-Controlling Authorized Representative) after the occurrence of both (a) an event of default that has occurred and is continuing, as defined in the indenture or any other applicable Pari Passu Agreement for that Series of Pari Passu Obligations, and (b) the Collateral Agent s and each other Authorized Representative s receipt of written notice from that Authorized Representative certifying that (i) such Authorized Representative is the Major Non-Controlling Authorized Representative and that an event of default, as defined in the indenture or any other Pari Passu

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Agreement for that Series of Pari Passu Obligations, has occurred and is continuing and (ii) the Pari Passu Obligations of that Series are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the indenture or other applicable Pari Passu Agreement, as applicable, for that Series of Pari Passu Obligations; *provided* that the Non-Controlling Authorized Representative Enforcement Date will be stayed and shall not occur and shall be deemed not to have occurred with respect to any Collateral if (1) at any time the Applicable Authorized Representative has commenced and is diligently pursuing any enforcement action with respect to such Collateral or (2) at any time the Company or any Subsidiary Guarantor that has granted a security interest in such Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding. If no such stay occurs, or is deemed to occur, then the Major Non-Controlling Authorized Representative will become the Applicable Authorized Representative from and after the occurrence of the Non-Controlling Authorized Representative Enforcement Date.

Restrictions on Enforcement of Priority Liens

Subject to the terms of the Intercreditor Agreement, the Applicable Authorized Representative will have the sole right (acting at the written direction of such holders or lenders as are required under its Pari Passu Agreement) to instruct the Collateral Agent and each Pari Passu Debt Collateral Agent to act or refrain from acting with respect to the Collateral, and (a) neither Collateral Agent nor any Pari Passu Debt Collateral Agent will follow any instructions (other than certain types of instructions to exercise rights other than enforcement rights) with respect to the Collateral from any representative of any Non-Controlling Secured Party or other Pari Passu Secured Party (other than the Applicable Authorized Representative), and (b) no Authorized Representative of any Non-Controlling Secured Party or other Pari Passu Secured Party (other than the Applicable Authorized Representative) will instruct the Collateral Agent or any Pari Passu Debt Collateral Agent to commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, the Collateral.

No representative of any Non-Controlling Secured Party may contest, protest or object to any foreclosure proceeding or action brought by or at the direction of the Controlling Authorized Representative in connection with the Intercreditor Agreement or the exercise of remedies against the Collateral in accordance with the terms of the Intercreditor Agreement. Each Authorized Representative will agree that it will not accept any Lien on any Collateral for the benefit of any series of Pari Passu Obligations (other than funds deposited for the discharge or defeasance of the indenture or any Pari Passu Agreement and other exceptions set forth in the Intercreditor Agreement) unless each other series of Pari Passu Obligations is also secured by a Lien on such Collateral. Each of the Pari Passu Secured Parties will also agree that it will not contest or support any other person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the Pari Passu Secured Parties in all or any part of the Collateral, or the provisions of the Intercreditor Agreement.

None of the Pari Passu Secured Parties may institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Collateral Agent or any other Pari Passu Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Collateral, except to the extent expressly permitted by the terms of the Intercreditor Agreement. In addition, none of the Pari Passu Secured Parties may seek to have any Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral. If any Pari Passu Secured Party obtains possession of any Collateral or realizes any proceeds or payment in respect thereof, at any time prior to the discharge of each of the Pari Passu Obligations, then it must hold such Collateral, proceeds or payment in trust for the other Pari Passu Secured Parties and promptly transfer such Collateral, proceeds or payment to the Applicable Authorized Representative to be distributed in accordance with the Intercreditor Agreement.

The Pari Passu Secured Parties acknowledge that the Pari Passu Obligations may, subject to the limitations set forth in the Indenture, the Security Documents, the applicable Pari Passu Agreement or Pari Passu Security Documents, as the case may be, be increased, extended,

renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the priorities set forth in the Intercreditor Agreement defining the relative rights of the Pari Passu Secured Parties; *provided* that

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the authorized representative of the holders of such Pari Passu Obligations, if not a party to the Intercreditor Agreement, shall have executed a Joinder Agreement to the Intercreditor Agreement on behalf of the holders of such Pari Passu Obligations.

Notwithstanding the foregoing, with respect to any Collateral for which a third party (other than a Pari Passu Secured Party) has a lien or security interest that is junior in priority to the security interest of any Series of Pari Passu Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Series of Pari Passu Obligations (such third party, an **Intervening Creditor**), the value of any Collateral or proceeds which are allocated to such Intervening Creditor will be deducted on a ratable basis solely from the Collateral or proceeds to be distributed in respect of the Series of Pari Passu Obligations with respect to which such impairment exists. In addition, the Pari Passu Secured Parties of each Series bear the risk that a court may deem that the Pari Passu Obligations of such Series (and not of any other Series) (i) are unenforceable under applicable law, (ii) are equitably subordinated to any other obligations or (iii) do not have an enforceable security interest in any of the Collateral that secures any other Series of Pari Passu Obligations. In the event of any such impairment, the rights of the holders of Pari Passu Obligations of the impaired Series under the Intercreditor Agreement will be modified to the extent necessary so that the effects of the impairment are borne solely by such impaired holders and not the holders of any other Series of Pari Passu Obligations.

Amendment of Security Documents

The Applicable Authorized Representative may enter into any amendment to any Pari Passu Security Document, so long as the Applicable Authorized Representative receives a certificate of the Company stating that such amendment is permitted by the terms of the Indenture and each Pari Passu Agreement then in effect. The Applicable Authorized Representative will give notice to each other Authorized Representative of any release of Collateral and of any amendment to any Pari Passu Security Document. The Applicable Authorized Representative may not enter into any amendment that releases all or substantially all of the Collateral from the Liens under any Pari Passu Security Document without the written consent of each Authorized Representative; *provided* that, to the extent the release of all or substantially all of the Collateral from the Liens under the applicable Pari Passu Security Documents relates solely to one or more (but not all) Series of Pari Passu Obligations (and such release is permitted under, and in accordance with, the Indenture, the Security Documents, the Pari Passu Agreement or Pari Passu Security Documents, as the case may be, applicable to such Series), such release shall not require the prior written consent of any Authorized Representative of any other Series of Pari Passu Obligations (it being understood that the Liens securing such other Series of Pari Passu Obligations shall not be affected by such release and shall remain in effect).

Use and Release of Collateral

Subject to the terms of the Security Documents, the Company and the Subsidiary Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, subject to certain exceptions, to freely operate the Collateral and to collect, invest and dispose of any income thereon. The Indenture will require the Company to comply with Section 313(b) of the Trust Indenture Act (the **TIA**) relating to reports, and Section 314(d) of the TIA, relating to the release of property and to the substitution therefor of any property to be pledged as Collateral for the notes. Any certificate or opinion required by Section 314(d) of the TIA may be made by an Officer of the Company except in cases where Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert. Notwithstanding anything to the contrary herein, the Company and the Subsidiary Guarantors will not be required to comply with all or any portion of Section 314(d) of the TIA if they determine, in good faith based on advice of counsel (which may be internal counsel), that under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including no action letters or exemptive orders, all or any portion of Section 314(d) of the TIA is inapplicable to the released Collateral. Without limiting the generality of the foregoing, certain no-action letters issued by the SEC have permitted an indenture qualified under the TIA to contain provisions permitting the release of collateral from Liens under such indenture in the ordinary course of the issuer s business without requiring the issuer to provide certificates and other documents under Section 314(d) of the TIA.

Release of Collateral. The Indenture provides that the Liens on the Collateral securing the notes will automatically and without the need for any further action by any Person be released (and the Collateral Agent will

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execute and deliver such documents and instruments (in form and substance reasonably satisfactory to the Collateral Agent) as the Company and the Subsidiary Guarantors may reasonably request to evidence such release without the consent of the Holders):

(1) in whole or in part, as applicable, as to all or any portion of property subject to such Liens which has been taken by eminent domain, condemnation or other similar circumstances;

(2) in whole upon:

(a) satisfaction and discharge of the Indenture as set forth below under Satisfaction and Discharge ; or

(b) a Legal Defeasance or Covenant Defeasance of the Indenture as described below under Defeasance ;

(3) in part, as to any property that (a) is sold, transferred or otherwise disposed of by the Company or any Subsidiary Guarantor (other than to the Company or another Subsidiary Guarantor) in a transaction not prohibited by the Indenture at the time of such sale, transfer or disposition, (b) is owned or at any time acquired by a Subsidiary Guarantor that has been released from its Subsidiary Guarantee in accordance with the Indenture, concurrently with the release of such Subsidiary Guarantee (including in connection with the designation of a Subsidiary Guarantor as an Unrestricted Subsidiary) or (c) becomes Excluded Property;

(4) in part, in accordance with the applicable provisions of the Security Documents; and

(5) in whole or in part, with the consent of the holders of the requisite percentage of notes in accordance with the provisions described below under the caption Modification and Waiver, and upon delivery of instructions and any other documentation, in each case as required by the Indenture of the Security Documents.

Certain Limitations on the Collateral. The right of the Collateral Agent to take possession and dispose of the Collateral following an Event of Default is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy proceeding were to be commenced by or against the Company or the Subsidiary Guarantors prior to the Collateral Agent having taken possession and disposed of the Collateral. Under the U.S. Bankruptcy Code, a secured creditor is prohibited from taking its security from a debtor in a bankruptcy case, or from disposing of security taken from such debtor, without bankruptcy court approval. Moreover, the U.S. Bankruptcy Code permits the debtor in certain circumstances to continue to retain and to use collateral owned as of the date of the bankruptcy filing (and the

proceeds, products, offspring, rents or profits of such Collateral) even though the debtor is in default under the applicable debt instruments *provided* that the secured creditor is given adequate protection . The meaning of the term adequate protection may vary according to circumstances. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the Collateral Agent could repossess or dispose of the Collateral, or whether or to what extent Holders would be compensated for any delay in payment or loss of value of the Collateral through the requirement of adequate protection .

Furthermore, in the event a U.S. bankruptcy court determines the value of the Collateral (after giving effect to any prior Liens) is not sufficient to repay all amounts due on the notes and any other Pari Passu Lien Indebtedness, the Holders of the notes and such other Pari Passu Lien Indebtedness would hold secured claims to the extent of the value of the Collateral, and would hold unsecured claims with respect to any shortfall. Applicable U.S. bankruptcy laws permit the payment and/or accrual of post-petition interest, costs and attorneys fees during a debtor s bankruptcy case only to the extent the claims are oversecured or the debtor is solvent at the time of reorganization. In addition, if the Company or the Subsidiary Guarantors were to become the subject of a bankruptcy case, the bankruptcy court, among other things, may avoid certain prepetition transfers made by the entity that is the subject of the bankruptcy filing, including, without limitation, transfers held to be preferences or fraudulent conveyances.

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Sinking Fund

There will be no sinking fund payments for the notes.

Governing Law

The Indenture, the notes, the Intercreditor Agreement and the Security Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

Registration Rights: Additional Interest

We have filed the registration statement of which this prospectus forms a part and are conducting the exchange offer in accordance with our obligations under the Registration Rights Agreement between us and the initial purchaser of the old notes. Holders of the new notes will not be entitled to any registration rights with respect to the new notes.

Under some circumstances set forth in the registration rights agreement, holders of old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the old notes by these holders.

In the event that the exchange offer is not consummated within 360 days of the date of issuance of the old notes (i.e., by June 23, 2018), the interest rate borne by the notes will be increased by 0.25% per annum for the first 90 days beginning after June 23, 2018, and 0.50% per annum thereafter.

Covenants

Overview

In the Indenture, the Company will agree to covenants that limit the ability of the Company and its Restricted Subsidiaries and, in certain cases, Regulated Subsidiaries, among other things, to:

- incur additional debt and issue Preferred Stock;
- pay dividends, acquire shares of capital stock, make payments on subordinated debt or make investments;
- place limitations on distributions from Regulated Subsidiaries or Restricted Subsidiaries;
- issue guarantees;
- sell or exchange assets;
- enter into transactions with shareholders and affiliates;
- create liens; and
- effect mergers.

Pursuant to the Indenture, the covenants under Limitation on Indebtedness and Issuances of Preferred Stock, Limitation on Restricted Payments, Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries or Regulated Subsidiaries Future Subsidiary Guarantees, Limitation on Transactions with Shareholders and Affiliates, Limitation on Liens and Limitation on Asset Sales, ap to the Company and the Restricted Subsidiaries, but generally do not apply, or apply only in part, to Regulated Subsidiaries.

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If a Change of Control occurs, each Holder of notes will have the right to require the Company to repurchase all or a part of the Holder s notes at a price equal to 101% of their principal amount, plus any accrued interest and Additional Interest (if any) to, but not including, the date of repurchase.

Limitation on Indebtedness and Issuances of Preferred Stock

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness or issue any shares of Disqualified Stock, and the Company will not permit any Restricted Subsidiary to issue Preferred Stock; *provided* that the Company may Incur Indebtedness or issue shares of Disqualified Stock and any Subsidiary Guarantor may Incur Indebtedness or issue shares of Disqualified Stock or Preferred Stock if, after giving effect to the Incurrence of such Indebtedness or issuance of such Disqualified Stock or Preferred Stock and the receipt and application of the proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio would be greater than 2.0:1.

Notwithstanding the foregoing, the Company and any Restricted Subsidiary (except as specified below) may Incur each and all of the following:

(1) Indebtedness under any Credit Facility in an aggregate principal amount at any one time outstanding (with letters of credit, without duplication, being deemed to have a principal amount equal to the face amount and outstanding reimbursement amount thereunder) not to exceed $30.0 million;

(2) Indebtedness represented by the notes and the related Subsidiary Guarantees to be issued on the date of the indenture and the exchange notes and the related Subsidiary Guarantees to be issued pursuant to the registration rights agreement and exchange notes and related Subsidiary Guarantees issued in exchange for Additional Notes issued under the Indenture;

(3) Indebtedness existing on the Closing Date (other than Indebtedness described under clause (2) above);

(4) purchase money Indebtedness (including Capitalized Lease Obligations) Incurred by the Company or any of the Restricted Subsidiaries, Disqualified Stock issued by the Company or any of the Restricted Subsidiaries and Preferred Stock issued by the Restricted Subsidiaries, in each case, after the Closing Date to acquire equipment or real or personal property in the ordinary course of business; *provided* that (A) the aggregate amount of all such Indebtedness at any time outstanding does not exceed the greater of (i) $20.0 million and (ii) 5% of Consolidated Net Worth, and (B) such Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued within 365 days after the acquisition of the asset financed;

(5) (I) Indebtedness owed (A) to the Company or any Subsidiary Guarantor evidenced by an unsubordinated promissory note or (B) to any Restricted Subsidiary or Regulated Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary or Regulated Subsidiary ceasing to be a Restricted Subsidiary or Regulated Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or another Restricted Subsidiary or Regulated Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (5) and (y) if the Company (or any Subsidiary that is a Subsidiary Guarantor at the time such Indebtedness is Incurred) is the obligor on such Indebtedness, such Indebtedness must be expressly contractually subordinated in right of payment to the notes, in the case of the Company, or the Subsidiary Guarantee, in the case of a Subsidiary Guarantor and (II) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or any Restricted Subsidiary or Regulated Subsidiary; provided that (x) any event which results in any such Restricted Subsidiary or Regulated Subsidiary ceasing to be a Restricted Subsidiary or Regulated Subsidiary or any subsequent transfer of such Preferred Stock (other than to the Company or another Restricted Subsidiary or Regulated Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (5);

(6) Indebtedness Incurred or Disqualified Stock issued by the Company or any of the Restricted Subsidiaries or the issuance of Preferred Stock in exchange for, or the net proceeds of which are used to refinance, refund or defease, then outstanding Indebtedness (other than Indebtedness outstanding under clause (1) or (5)), Disqualified Stock or Preferred Stock and any refinancings thereof in an amount up to the

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amount so refinanced, refunded or defeased (plus premiums (including tender premiums), accrued interest, Additional Interest, fees and expenses); provided that (a) Indebtedness the proceeds of which are used to refinance, refund or defease the notes or Indebtedness that is subordinated in right of payment to, the notes or a Subsidiary Guarantee shall only be permitted under this clause (6) if such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the notes or the Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the notes or the Subsidiary Guarantee, (b) such new Indebtedness, Disqualified Stock or Preferred Stock, determined as of the date of Incurrence or issuance of such new Indebtedness, Disqualified Stock or Preferred Stock does not mature prior to the Stated Maturity of the Indebtedness, Disqualified Stock or Preferred Stock to be refinanced or refunded, and the Average Life of such new Indebtedness, Disqualified Stock or Preferred Stock is at least equal to the remaining Average Life of the Indebtedness, Disqualified Stock or Preferred Stock to be refinanced, refunded or defeased and (c) such new Indebtedness. Disqualified Stock or Preferred Stock is Incurred by the Company or a Subsidiary Guarantor or by the Restricted Subsidiary that is the obligor on the Indebtedness to be refinanced, refunded or defeased;

(7) the guarantee (A) by the Company or any of the Subsidiary Guarantors of Indebtedness of the Company or any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this Limitation on Indebtedness and Issuances of Preferred Stock covenant, and (B) by any Restricted Subsidiary that is not a Subsidiary Guarantor of Indebtedness of any other Restricted Subsidiary that is not a Subsidiary Guarantor, in each that was permitted to be incurred by another provision of this Limitation on Indebtedness and Issuances of Preferred Stock covenant;

(8) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Company or any of the Restricted Subsidiaries Incurred to finance an acquisition or (y) Persons that are acquired by the Company or any of the Restricted Subsidiaries or merged or amalgamated with or into the Company or a Restricted Subsidiary in accordance with the terms of the Indenture; *provided*, *however*, that after giving effect to such acquisition, merger or amalgamation and the Incurrence of such Indebtedness either:

(i) the Company would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant; or

(ii) the Consolidated Fixed Charge Coverage Ratio of the Company would be equal to or greater than immediately prior to such acquisition, merger or amalgamation;

(9) Indebtedness issued by the Company or a Restricted Subsidiary to current or former officers, directors and employees thereof or any direct or indirect parent thereof, or their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Capital Stock of the Company to the extent permitted under clause (8) of the fourth paragraph of the covenant described under Limitation on Restricted Payments , *provided* that such Indebtedness does not exceed $30.0 million at any one time outstanding;

(10) Indebtedness of the Company or any Restricted Subsidiary supported by a letter of credit or bank guarantee issued pursuant to a Credit Facility incurred pursuant to clause (1) above, in a principal amount not in excess of the stated amount of such letter of credit or bank guarantee;

(11) Indebtedness of Foreign Subsidiaries in an aggregate amount at any time outstanding not to exceed $5.0 million; and

(12) Indebtedness not otherwise permitted hereunder, not to exceed $50.0 million in the aggregate for the Company and its Restricted Subsidiaries.

(b) Notwithstanding any other provision of this Limitation on Indebtedness and Issuances of Preferred Stock covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this Limitation on Indebtedness

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and Issuances of Preferred Stock covenant will not be deemed to be exceeded, with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies or due to fluctuations in the value of commodities or securities which underlie such Indebtedness. Accrual of interest, the accretion of original issue discount or liquidation preference, the payment of interest of interest in the form of additional Indebtedness with the same terms, the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock of the same class shall not be considered an Incurrence of Indebtedness or issuance of Preferred Stock pursuant to this Limitation on Indebtedness and Issuances of Preferred Stock covenant. For the purposes of determining compliance with any restriction on the Incurrence of Indebtedness, (x) the U.S. dollar equivalent principal amount of any Indebtedness denominated in a foreign currency shall be calculated by the Company based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed, in the case of revolving credit debt and (y) the principal amount of any Indebtedness which is calculated by reference to any underlying security or commodity shall be calculated based on the relevant closing price of such commodity or security on the date such Indebtedness was Incurred.

(c) For purposes of determining any particular amount of Indebtedness under this Limitation on Indebtedness and Issuances of Preferred Stock covenant, (x) Guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included and (y) any Liens granted pursuant to the equal and ratable provisions referred to in the Limitation on Liens covenant shall not be treated as Indebtedness. For purposes of determining compliance with this Limitation on Indebtedness and Issuances of Preferred Stock covenant, if an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the first paragraph of part (a), the Company, in its sole discretion, shall divide or classify, and from time to time may redivide or reclassify, all or a portion of such item of Indebtedness, in any manner that complies with this Limitation on Indebtedness and Issuances of Preferred Stock covenant.

(d) Neither the Company nor any Subsidiary Guarantor will Incur any Indebtedness if such Indebtedness is subordinate in right of payment to any other Indebtedness unless such Indebtedness is also subordinate in right of payment to the notes or the applicable Subsidiary Guarantee to the same extent.

(e) The Company will not permit any Regulated Subsidiary (x) to Incur any Indebtedness the proceeds of which are not invested in the business of such Regulated Subsidiary (or any Subsidiary of such Regulated Subsidiary which is also a Regulated Subsidiary), and (y) to Incur any Indebtedness for the purpose, directly or indirectly, of dividending or distributing the proceeds of such Indebtedness to the Company or any Restricted Subsidiary; except that the Incurrence of Indebtedness by a Regulated Subsidiary that does not comply with (x) and (y) above shall be permitted *provided* that such Incurrence complies with paragraph (a) of this Limitation on Indebtedness and Issuances of Preferred Stock covenant as if such paragraph applied to such Regulated Subsidiary.

Limitation on Restricted Payments

(a) The Company will not, and will not permit any Restricted Subsidiary or Regulated Subsidiary to, directly or indirectly,

(1) declare or pay any dividend or make any distribution on or with respect to its Capital Stock held by Persons other than the Company or any of its Restricted Subsidiaries or Regulated Subsidiaries (other than (w) dividends or distributions payable solely in shares of its Capital Stock (other than Disqualified Stock) or in options, warrants or other rights to acquire shares of such Capital Stock, (x) pro rata dividends or distributions on Common Stock of Restricted Subsidiaries or Regulated Subsidiaries held by minority stockholders and (y) dividends or distributions on Preferred Stock the proceeds from the sale of which were invested in the business of such Subsidiary (or any Subsidiary of such Subsidiary));

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary or Regulated Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Person (other than the Company, any Restricted Subsidiary or any Regulated Subsidiary);

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(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness of the Company that is subordinated in right of payment to the notes or any Indebtedness of a Subsidiary Guarantor that is subordinated in right of payment to a Subsidiary Guarantee (other than the payment, redemption, repurchase, defeasance, acquisition or retirement of (a) Indebtedness of the Company that is subordinated in right of payment to the notes or any Indebtedness of a Subsidiary Guarantor that is subordinated in right of payment to a Subsidiary Guarantee in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, redemption, repurchase, defeasance, acquisition or retirement and (b) Indebtedness permitted under clause (5) of the second paragraph of the covenant described under Limitation on Indebtedness and Issuances of Preferred Stock); or

(4) with respect to the Company and any Restricted Subsidiary only, make any Investment, other than a Permitted Investment, in any Person, and

(b) with respect to any Regulated Subsidiary, make any Investment in an Unrestricted Subsidiary (such payments or any other actions described in clauses (a)(1) through (a)(4) above and this clause (b) being collectively **Restricted Payments**);

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default or Event of Default shall have occurred and be continuing;

(B) the Company could not Incur at least $1.00 of Indebtedness under the first paragraph of part (a) of the Limitation on Indebtedness and Issuances of Preferred Stock covenant;

(C) the Subsidiary subject to the Restricted Payment, if any, is a Regulated Subsidiary that is not in compliance with applicable regulatory capital or other material requirements of its regulators, such as the SEC, the CFTC, or any applicable state, federal or self regulatory organization, or would fail to be in compliance with applicable regulatory requirements as a consequence of the payment; or

(D) the aggregate amount of all Restricted Payments made after the Closing Date shall exceed the sum of:

(1) 50% of the aggregate amount of the Adjusted Consolidated Net Income (or, if the Adjusted Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter following the fiscal quarter in which the Closing Date falls and ending on the last day of such fiscal quarter preceding the Transaction Date for which internal financial statements are available plus

(2) the aggregate Net Cash Proceeds received by the Company after the Closing Date as a capital contribution or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including an issuance or sale permitted by the Indenture of Indebtedness of the Company for cash subsequent to the Closing Date upon the conversion of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Company, or from the issuance to a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (in each case, exclusive of any Disqualified Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the notes) plus

(3) an amount equal to the return on any Investment previously made as a Restricted Payment after the Closing Date (including any such return from repayments of principal on Indebtedness, dividends, or other transfers of assets, in each case to the Company or any Restricted Subsidiary or Regulated Subsidiary or from the Net Cash Proceeds from the sale of any

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such Investment (except, in each case, to the extent any such payment or proceeds are included in the calculation of Adjusted Consolidated Net Income)), from the release of any Guarantee or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of **Investments**), not to exceed, in each case, the amount of Investments previously made or deemed made as a Restricted Payment by the Company or any Restricted Subsidiary or Regulated Subsidiary in such Person or Unrestricted Subsidiary after the Closing Date.

(c) The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock or redemption of the Indebtedness of the Company that is subordinated in right of payment within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness that is subordinated in right of payment to the notes or any Subsidiary Guarantee including premiums (including tender premiums), accrued interest, Additional Interest, fees and expenses, with the proceeds of, or in exchange for, Indebtedness Incurred under clause (5) of the second paragraph of part (a) of the Limitation on Indebtedness and Issuances of Preferred Stock covenant;

(3) the repurchase, redemption or other acquisition of Capital Stock of the Company, a Subsidiary Guarantor, a Restricted Subsidiary or a Regulated Subsidiary (or options, warrants or other rights to acquire such Capital Stock) or a dividend on such Capital Stock in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that such options, warrants or other rights are not redeemable at the option of the holder, or required to be redeemed, in each case other than in connection with a Change of Control of the Company (*provided* that prior to any such repurchase, redemption or other acquisition in connection with a Change of Control, the Company has made an Offer to Purchase and purchased all notes validly tendered for payment in accordance with the Repurchase of the Notes Upon a Change of Control covenant), prior to the Stated Maturity of the notes;

(4) the making of any principal payment or the repurchase, redemption, retirement, defeasance or other acquisition for value of Indebtedness which is subordinated in right of payment to the notes or any Subsidiary Guarantee in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that such options, warrants or other rights are not redeemable at the option of the holder, or required to be redeemed, in each case other than in connection with a Change of Control of the Company (*provided* that prior to any such repurchase, redemption or other acquisition in connection with a Change of Control, the Company has made an Offer to Purchase and purchased all notes validly tendered for payment in

accordance with the Repurchase of the Notes Upon a Change of Control covenant), prior to the Stated Maturity of the notes;

(5) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, merger or transfer of assets of the Company, any Restricted Subsidiary or any Regulated Subsidiary and that, in the case of the Company, comply with the provisions of the Indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of the Company;

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(6) Investments acquired as a capital contribution to, or in exchange for, or out of the proceeds of a substantially concurrent offering of, Capital Stock (other than Disqualified Stock) of the Company;

(7) repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants if such Capital Stock represent a portion of the exercise price of such options or warrants and repurchases of Capital Stock or options to purchase Capital Stock in connection with the exercise of stock options, warrants, other incentive interests or other equity awards to the extent necessary to pay applicable withholding taxes;

(8) the repurchase, redemption or other acquisition of the Company s Capital Stock (or options, warrants or other rights to acquire such Capital Stock) from Persons who are or were formerly officers, directors, consultants or employees of the Company and their Affiliates, heirs and executors; *provided*, *however*, that the aggregate amounts paid under this clause (8) do not exceed $5.0 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over for the three succeeding calendar years subject to a maximum payment (without giving effect to the following proviso) of $15.0 million in any calendar year); *provided*, *further*, *however*, that such amount in any calendar year may be increased by an amount not to exceed:

(i) the cash proceeds received by the Company or any of the Restricted Subsidiaries or Regulated Subsidiaries from the sale of Capital Stock (other than Disqualified Stock) of the Company to members of management, directors or consultants of the Company and the Restricted Subsidiaries and Regulated Subsidiaries that occurs after the Closing Date; plus

(ii) the cash proceeds of key man life insurance policies received by the Company or any direct or indirect parent of the Company (to the extent contributed to the Company) or the Restricted Subsidiaries after the Closing Date; less

(iii) the amount of any Restricted Payments previously made pursuant to subclauses (i) and (ii) of this second proviso of clause (8);

provided that the Company may elect to apply all or any portion of the aggregate increase contemplated by subclauses (i) and (ii) above in any calendar year;

(9) the repurchase of Common Stock of the Company, or the declaration or payment of dividends on Common Stock (other than Disqualified Stock) of the Company; *provided* that the aggregate amount of all such

declarations, payments or repurchases pursuant to this clause (9) shall not exceed $20.0 million in any fiscal year;

(10) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any of the Restricted Subsidiaries issued or Incurred in accordance with the covenant described under Limitation on Indebtedness and Issuances of Preferred Stock , but only to the extent that such dividend or distribution is included in the determination of Consolidated Fixed Charges for such period;

(11) the repurchase, redemption or other acquisition or retirement for value of any Indebtedness subordinated in right of payment to the notes required pursuant to the provisions similar to those described under the captions Change of Control and Asset Sales ; *provided* there is a concurrent or prior made offer made to Holders of the notes and all notes tendered by Holders of the notes in connection with such offer, as applicable, have been repurchased, redeemed or acquired for value;

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(12) Restricted Payments by the Company or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock or debt securities that are convertible into, or exchangeable for, Capital Stock of any such Person;

(13) the repurchase, redemption or other acquisition of Oppenheimer Multifamily & Housing Healthcare Finance, Inc. s Capital Stock (or options, warrants or other rights to acquire such Capital Stock) by the Company or any of its Subsidiaries; or

(14) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (14) not to exceed $10.0 million;

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (9), (10) or (14), no Default shall have occurred and be continuing or would occur as a consequence thereof.

(d) Each Restricted Payment permitted pursuant to the preceding paragraph (other than a Restricted Payment referred to in clauses (2) and (12) thereof, an exchange of Capital Stock for Capital Stock or Indebtedness referred to in clauses (3) or (4) thereof, an Investment acquired as a capital contribution or in exchange for Capital Stock referred to in clause (6) thereof, the repurchase of Capital Stock referred to in clause (7) thereof, the repurchase of Common Stock referred to in clause (9) thereof, and the Net Cash Proceeds from any issuance of Capital Stock referred to in clauses (3), (4) or (6)), shall be included in calculating whether the conditions of clause (D) of the first paragraph of this Limitation on Restricted Payments covenant have been met with respect to any subsequent Restricted Payments.

(e) For purposes of determining compliance with this Limitation on Restricted Payments covenant, (x) the amount, if other than in cash, of any Restricted Payment shall be shall be determined in good faith by the Company, and (1) in the case of property with a fair market value in excess of $5.0 million, shall be set forth in an Officer s Certificate or (2) in the case of property with a fair market value in excess of $20.0 million, shall be set forth in a resolution approved by at least a majority of the Board of Directors of the Company and delivered to the Trustee and (y) if a Restricted Payment meets the criteria of more than one of the types of Restricted Payments described in the above clauses or the definition of Permitted Investment, including the first paragraph of this Limitation on Restricted Payments covenant, the Company, in its sole discretion, may divide and classify, and from time to time may redivide and reclassify, such Restricted Payment if it would have been permitted at the time such Restricted Payment was made and at the time of such redivision or reclassification.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries or Regulated Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary or Regulated Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary or Regulated Subsidiary (other than any Subsidiary Guarantor) to:

(1) pay dividends or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary or Regulated Subsidiary owned by the Company or any other Restricted Subsidiary or Regulated Subsidiary;

(2) pay any Indebtedness owed to the Company or any other Restricted Subsidiary or Regulated Subsidiary;

(3) make loans or advances to the Company or any other Restricted Subsidiary or Regulated Subsidiary; or

(4) transfer any of its property or assets to the Company or any other Restricted Subsidiary or Regulated Subsidiary.

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The foregoing provisions shall not restrict any encumbrances or restrictions:

(1) existing on the Closing Date, including, without limitation, the Indenture, the notes, the Subsidiary Guarantees, the Security Documents or any other indentures or agreements in effect on the Closing Date, and any amendments, supplements, extensions, refinancings, renewals or replacements of such indentures or agreements; *provided* that the encumbrances and restrictions in any such amendments, supplements, extensions, refinancings, renewals or replacements taken as a whole are no less favorable in any material respect to the Holders (as determined in good faith by Senior Management or the Board of Directors of the Company) than those encumbrances or restrictions that are then in effect and that are being amended, supplemented, extended, refinanced, renewed or replaced;

(2) existing under or by reason of applicable law, rule, regulation or order, including rules and regulations of and agreements with any regulatory authority having jurisdiction over the Company, any Restricted Subsidiary, or any Regulated Subsidiary, including, but not limited to the SEC, the CFTC and any self regulatory organization of which such Regulated Subsidiary is a member, or the imposition of conditions or requirements pursuant to the enforcement authority of any such regulatory authority;

(3) existing (i) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary or any Regulated Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof or (ii) with respect to any Unrestricted Subsidiary at the time it is designated or is deemed to become a Restricted Subsidiary, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired or designated, as the case may be, and any amendments, supplements, extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such amendments, supplements, extensions, refinancings, renewals or replacements taken as a whole are no less favorable in any material respect to the Holders (as determined in good faith by Senior Management or the Board of Directors of the Company) than those encumbrances or restrictions that are then in effect and that are being amended, supplemented, extended, refinanced, renewed or replaced;

(4) in the case of clause (4) of the first paragraph of this Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries or Regulated Subsidiaries covenant:

(A) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset;

(B) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company, any Restricted Subsidiary or any Regulated Subsidiary not otherwise prohibited by the Indenture; or

(C) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary or Regulated Subsidiary in any manner material to the Company or any Restricted Subsidiary or Regulated Subsidiary taken as a whole;

(5) with respect to a Restricted Subsidiary or Regulated Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary or Regulated Subsidiary;

(6) customary provisions in joint venture agreements and other similar agreements, relating solely to the relevant joint venture or other similar arrangement;

(7) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;

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(8) restrictions in other Indebtedness, Disqualified Stock or Preferred Stock of a Foreign Subsidiary permitted to be Incurred subsequent to the Closing Date pursuant to clause (11) of the covenant described under Limitation on Indebtedness and Issuance of Preferred Stock that are imposed solely on the Foreign Subsidiary party thereto;

(9) customary financial covenants, minimum net worth requirements or collateral coverage requirements in Securities Facilities that in the reasonable judgment of the Company do not impair its ability to comply with its obligations with respect to the notes; and

(10) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be Incurred or issued subsequent to the Closing Date pursuant to the provisions of the covenant described under Limitation on Indebtedness and Issuance of Preferred Stock or Securities Facilities and any amendments, supplements, extensions, refinancings, renewals or replacements of such agreements or instruments; provided that such encumbrances or restrictions contained in any agreement or instrument will not materially affect the Company s ability to make anticipated principal or interest payments on the notes (as determined in good faith by Senior Management or the Board of Directors of the Company); provided further that the encumbrances and restrictions in any such amendments, supplements, extensions, refinancings, renewals or replacements taken as a whole are no less favorable in any material respect to the Holders (as determined in good faith by Senior Management or the Board of Directors of the Company) than those encumbrances or restrictions that are then in effect and that are being amended, supplemented, extended, refinanced, renewed or replaced.

Nothing contained in this Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries or Regulated Subsidiaries covenant shall prevent the Company, any Restricted Subsidiary or any Regulated Subsidiary from (1) creating, incurring, assuming or suffering to exist any Liens otherwise permitted in the Limitation on Liens covenant or (2) restricting the sale or other disposition of property or assets of the Company or any of its Restricted Subsidiaries or Regulated Subsidiaries that secure Indebtedness of the Company or any of its Restricted Subsidiaries or Regulated Subsidiaries.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made to the Company or a Restricted Subsidiary to other Indebtedness Incurred by the Company or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Future Subsidiary Guarantees

The Company will not permit any Restricted Subsidiary that is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (**Guaranteed Indebtedness**) of the Company or any Restricted Subsidiary (other than a Foreign Subsidiary), unless (a) such Restricted Subsidiary, to the extent permitted by law, within 30 days of the date on which such Restricted Subsidiary guaranteed such other Indebtedness executes and delivers a Subsidiary Guarantee, becomes a party to the applicable Security Documents and, to the extent required by the Security Agreement, executes and delivers such security instruments, financing statements and certificates as may be necessary to vest in the Collateral Agent a perfected first priority security interest on a pari passu basis with the Liens securing any Pari Passu Lien Indebtedness (subject to Permitted Liens) in properties and assets that constitute Collateral as security for the notes or the Subsidiary Guarantees and as may be necessary to have such property or asset added to the applicable Collateral as required under the Security Documents and the Indenture, and thereupon all provisions of the Indenture relating to the Collateral shall be deemed to relate to such properties and assets to the same extent and with the same force and effect and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the notes have been paid in full. The obligations of any such future Subsidiary Guarantor will be limited so as not to constitute a fraudulent conveyance or fraudulent transfer under applicable federal or state laws.

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If the Guaranteed Indebtedness is (A) pari passu in right of payment with the notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be pari passu in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) subordinated in right of payment to the notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the notes or the Subsidiary Guarantee.

Notwithstanding the foregoing, any future Subsidiary Guarantee by a Restricted Subsidiary may provide by its terms that it shall be automatically and unconditionally released and discharged:

(1) as set forth under Subsidiary Guarantees ; or

(2) upon the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary or Regulated Subsidiary to, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any Affiliate of the Company or any Affiliates of any Restricted Subsidiary or Regulated Subsidiary, except (1) upon fair and reasonable terms not materially less favorable to the Company or such Restricted Subsidiary or Regulated Subsidiary than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arm s-length transaction with a Person that is not an Affiliate and (2) if the transaction involves aggregate consideration in excess of $20.0 million, the Company delivers to the Trustee a resolution adopted in good faith by the majority of the Board of Directors of the Company approving such transaction and set forth in an Officer s Certificate certifying that such transaction complies with clause (1) above.

The foregoing limitation does not limit, and shall not apply to:

(1) transactions (A) approved by a majority of the disinterested members of the Board of Directors or (B) for which the Company, a Restricted Subsidiary or a Regulated Subsidiary delivers to the Trustee a written opinion of a nationally recognized investment banking, accounting, valuation or appraisal firm stating that the transaction is fair to the Company or such Restricted Subsidiary or Regulated Subsidiary from a financial point of view;

(2) any transaction solely among the Company, its Restricted Subsidiaries or its Regulated Subsidiaries or any combination thereof or any entity that becomes a Restricted Subsidiary or Regulated Subsidiary as part of such

transaction or transactions in compliance with the Indenture;

(3) transactions or payments pursuant to any employee, officer or director compensation or benefit plans, employment agreements, indemnification agreements or any similar arrangements entered into in the ordinary course of business or approved in good faith by the Board of Directors of the Company;

(4) any payments or other transactions pursuant to any tax-sharing agreement between the Company and any other Person with which the Company files a consolidated tax return or with which the Company is part of a consolidated group for tax purposes;

(5) any sale of shares of Capital Stock (other than Disqualified Stock) of the Company;

(6) the granting or performance of registration rights under a written agreement and approved by the Board of Directors of the Company, containing customary terms, taken as a whole (as determined by the Board of Directors of the Company);

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(7) loans to an Affiliate who is an officer, director or employee of the Company, a Restricted Subsidiary or a Regulated Subsidiary by a Regulated Subsidiary in the ordinary course of business in accordance with Sections 7 and 13(k) of the Exchange Act;

(8) brokerage products and services typically offered to our customers on substantially the same terms and conditions as those offered to our customers;

(9) any Permitted Investments or any Restricted Payments not prohibited by the Limitation on Restricted Payments covenant;

(10) any agreement as in effect as of the Closing Date, or any amendment thereto (so long as any such amendment, taken as a whole, is not materially less favorable to the Company, the Restricted Subsidiaries and Regulated Subsidiaries, as applicable than the agreement in effect on the date of the Indenture (as determined by the Board of Directors of the Company in good faith));

(11) transactions in the ordinary course with entities in which the Company or a Subsidiary of the Company is the general partner or managing member pursuant to Investments contemplated by paragraph 17 of the definition of Permitted Investments;

(12) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, Capital Stock in, or controls, such Person; or

(13) pledges of Equity Interests of Unrestricted Subsidiaries.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind on any asset now owned or hereafter acquired, except (x) Permitted Liens and (y) any other Lien on any asset or property that is not required to constitute Collateral if the notes and Subsidiary Guarantees are equally and ratably secured with (or on a senior basis to, if such Lien in this clause (y) secures any Indebtedness that is subordinated in right of payment to the notes or such Subsidiary Guarantee) the Obligations secured by such Lien.

Any Lien created for the benefit of the Holders of the notes pursuant to clause (y) of the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the initial Lien which release and discharge in the case of any sale of any such asset or property shall not affect any Lien that the Trustee may have on the proceeds from such sale.

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless (1) the consideration received by the Company or such Restricted Subsidiary is at least equal to the fair market value of the assets sold or disposed of, (2) at least 75% of the consideration received consists of (a) Cash or Temporary Cash Investments, (b) Replacement Assets or (c) to the extent that any consideration received by the Company or any Restricted Subsidiary in such Asset Sale constitutes securities or other assets that are of a type or class that constitutes Collateral, such securities or other assets are added to the Collateral securing the notes in the manner and to the extent required by the Indenture or any of the Security Documents; *provided* that the amount of:

(x) any liabilities (as shown on the Company s or such Restricted Subsidiary s most recent balance sheet or in the notes thereto) of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) (i) that are assumed by the transferee of any such assets and from which the Company and all of its Restricted Subsidiaries have been validly released by all creditors in writing or (ii) in respect of which neither the Company nor any Restricted Subsidiary following such Asset Sale has any obligation,

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(y) any notes or other obligations or other securities or assets received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days of the receipt thereof (to the extent of the cash received), and

(z) any Designated Non-cash Consideration received by the Company or any of the Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (z) that is at that time outstanding, not to exceed the greater of 1.0% of Total Assets and $25.0 million at the time of the receipt of such Designated Non-cash Consideration (with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value),

shall be deemed to be Temporary Cash Investments for the purposes of this provision.

The Company will not, and will not permit any Restricted Subsidiary or Regulated Subsidiary to, consummate any Regulated Sale, unless (1) the consideration received by the Company, such Restricted Subsidiary or such Regulated Subsidiary is at least equal to the fair market value of the assets sold or disposed of, (2) at least 75% of the consideration received consists of (a) Cash or Temporary Cash Investments or (b) Replacement Assets; *provided* that the amount of:

(x) any liabilities (as shown on the Company s, such Restricted Subsidiary s or such Regulated Subsidiary s most recent balance sheet or in the notes thereto) of the Company, any Restricted Subsidiary or any Regulated Subsidiary (other than liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) (i) that are assumed by the transferee of any such assets and from which the Company, all of its Restricted Subsidiaries and all of its Regulated Subsidiaries have been validly released by all creditors in writing or (ii) in respect of which neither the Company nor any Restricted Subsidiary or Regulated Subsidiary following such Asset Sale has any obligation,

(y) any notes or other obligations or other securities or assets received by the Company, such Restricted Subsidiary or such Regulated Subsidiary from such transferee that are converted by the Company, such Restricted Subsidiary or Regulated Subsidiary into cash within 180 days of the receipt thereof (to the extent of the cash received), and

(z) any Designated Non-cash Consideration received by the Company, any of its Restricted Subsidiaries or any of its Regulated Subsidiaries in such Regulated Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (z) that is at that time outstanding, not to exceed the greater of 1.0% of Total Assets and $25.0 million at the time of the receipt of such Designated Non-cash Consideration (with the fair market value of each item of Designated Non-cash Consideration being measured at the

time received and without giving effect to subsequent changes in value),

shall be deemed to be Temporary Cash Investments for the purposes of this provision.

The Company shall or shall cause the relevant Restricted Subsidiary or Regulated Subsidiary to:

(1) within twelve months after receipt of such Net Cash Proceeds,

(A) apply an amount equal to such excess Net Cash Proceeds (i) to the extent such Net Cash Proceeds are from Asset Sales of Collateral or Regulated Sales of Collateral, to permanently repay, repurchase (and retire) or redeem the notes or Pari Passu Lien Indebtedness and (ii) to the extent such Net Cash Proceeds are not from Asset Sales of Collateral or Regulated Sales of Collateral, to permanently repay, repurchase (and retire) or redeem unsubordinated Indebtedness (including the notes) of the Company or any Restricted Subsidiary, or to redeem or repurchase Capital Stock of any Restricted Subsidiary or Regulated Subsidiary (in each case to the extent permitted by the Indenture), in each case owing to or owned by a Person other than the Company or any Affiliate of the Company; or

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(B) invest an equal amount, or the amount not so applied pursuant to clause (A) (or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement), in Replacement Assets; *provided* that, to the extent the assets subject to such Asset Sale or Regulated Sale were Collateral, such Replacement Assets shall also be Collateral; and

(2) apply, not later than the end of such 12 month period referred to in Clause (1) above, such Net Cash Proceeds (to the extent not applied pursuant to Clause (1) above) as provided in the following paragraphs of this Limitation on Asset Sales covenant; and

(3) any combination of the foregoing.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 12-month period as set forth in the preceding sentence and not applied as so required by the end of such period shall constitute Excess Proceeds.

If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds not theretofore subject to an Offer to Purchase pursuant to this Limitation on Asset Sales covenant totals at least $15.0 million, the Company must commence, not later than the fifteenth Business Day of such month, and consummate an Offer to Purchase from the Holders (and, if required by the terms of any Pari Passu Lien Indebtedness, from the holders of such Pari Passu Lien Indebtedness) on a pro rata basis an aggregate principal amount of notes (and Pari Passu Lien Indebtedness) equal to the Excess Proceeds on such date, at a purchase price equal to 100% of their principal amount, plus, in each case, accrued interest (if any) and Additional Interest (if any) to, but not including, the Payment Date.

To the extent that the aggregate amount of notes and Pari Passu Lien Indebtedness so validly tendered and not properly withdrawn pursuant to an Offer to Purchase is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any other purpose which is permitted by the Indenture.

If the aggregate principal amount of notes surrendered by Holders thereof and other Pari Passu Lien Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the notes and Pari Passu Lien Indebtedness will be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered notes and Pari Passu Lien Indebtedness. Upon completion of such Offer to Purchase, the amount of Excess Proceeds shall be reset to zero.

Limitation on Lines of Business

The Company will not, and will not permit any Restricted Subsidiary or Regulated Subsidiary to, engage in any business other than a Related Business, except to an extent that so doing would not be material to the Company and its Restricted Subsidiaries and Regulated Subsidiaries, taken as a whole.

Repurchase of the Notes upon a Change of Control

The Company must commence, within 30 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all notes then outstanding, at a purchase price equal to 101% of their principal amount, plus accrued interest (if any) and Additional Interest (if any) to, but not including, the Payment Date.

There can be no assurance that the Company will have sufficient funds available at the time of any Change of Control to make any payment required by the foregoing covenant (as well as may be contained in other Indebtedness of the Company which might be outstanding at the time).

The above covenant requiring the Company to repurchase the notes will, unless consents are obtained, require the Company to repay all indebtedness then outstanding which by its terms would prohibit such note repurchase, either prior to or concurrently with such note repurchase.

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The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the initial purchaser of the notes and us. After the Closing Date, we have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

The definition of Change of Control includes phrases relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole. Although there is a developing body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require the Company to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries, taken as a whole, to another Person or group may be uncertain.

Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under Covenants Limitation on Indebtedness and Issuances of Preferred Stock and Covenants Limitation on Liens. Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the notes protection in a highly levered transaction.

The Company will not be required to make an Offer to Purchase upon the occurrence of a Change of Control, if (1) a third party makes an offer to purchase the notes in the manner, at the times and price and otherwise in compliance with the requirements of the Indenture applicable to an Offer to Purchase for a Change of Control and purchases all notes validly tendered and not withdrawn in such offer to purchase or (2) notice of redemption has been given pursuant to the Indenture as described under the caption Optional Redemption, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control.

The provisions under the Indenture relative to our obligation to make an Offer to Purchase the notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the notes then outstanding.

SEC Reports and Reports to Holders

The Company will deliver to the Trustee within 30 days after the filing of the same with the Securities and Exchange Commission, copies of the quarterly and annual reports and of the information, documents and other reports, if any, which the Company is required to file with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will file with the Securities and Exchange Commission, to the extent permitted, and provide the Trustee and Holders with such annual reports and such information, documents and other reports specified in Sections 13 and 15(d) of the Exchange Act within 30 days after the time the Company would be required to file such information with the SEC (on the basis that the Company is a non-accelerated filer) if it were subject to Section 13 or 15(d) of the Exchange Act, *provided* that the Company need not file such reports or other information if, and so long as, it would not be required to do so pursuant to Rule 12h-5 under the Exchange Act.

Notwithstanding the foregoing, the Company will be deemed to have furnished such reports referred to above to the Trustee and the Holders if the Company has filed such reports with the SEC via the EDGAR filing system and such reports are publicly available.

In addition, to the extent not satisfied by the foregoing, the Company agrees that, for so long as any notes remain outstanding, it will furnish to the holders of the notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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Notwithstanding anything herein to the contrary, the Company will not be deemed to have failed to comply with any of its agreements hereunder for purposes of clause (d) under Events of Default until 120 days after the date any report hereunder is required to be filed with the SEC (or otherwise made available to holders or the Trustee) pursuant to this covenant. To the extent any information required to be furnished pursuant to this SEC Reports and Reports to Holders covenant is furnished prior to the time that such failure to furnish such information results in an Event of Default, the Company will be deemed to have satisfied its obligations under this SEC Reports and Reports to Holders covenant with respect to such information and any Default with respect thereto shall be deemed to have been cured.

Effectiveness of Covenants

The covenants described under Limitation on Indebtedness and Issuances of Preferred Stock, Limitation on Restricted Payments, Limitation o Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries or Regulated Subsidiaries , Future Subsidiary Guarantees, Limitation on Transactions with Shareholders and Affiliates, Limitation on Asset Sales, and Limitation on Lines of Business (the **Suspend Covenants**), will be suspended upon the Company attaining Investment Grade Status.

If at any time the Company is downgraded from Investment Grade Status, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the **Reinstatement Date**) and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Company subsequently attains Investment Grade Status and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Company maintains Investment Grade Status); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist or have occurred under the Indenture, the notes, the Subsidiary Guarantees or any of the Security Documents with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period (as defined below), or any actions taken at any time pursuant to any contractual obligation arising prior to the Reinstatement Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reinstatement Date is referred to as the Suspension Period .

On the Reinstatement Date, all Indebtedness Incurred during the Suspension Period will be deemed to have been outstanding on the Closing Date, so that it is classified as permitted under clause (3) of the second paragraph of part (a) of the Limitation on Indebtedness and Issuances of Preferred Stock covenant. Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under the Limitation on Restricted Payments covenant will be made as though the Limitation on Restricted Payments covenant had been in effect since the Closing Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the Limitation on Restricted Payments covenant to the extent such Restricted Payments were not otherwise permitted to be made pursuant to clauses (1) through (14) of part (c) of the Limitation on Restricted Payments covenant; *provided* that the amount available to be made as Restricted Payments on the Reinstatement Date under the Limitation on Restricted Payments covenant shall not be reduced below zero solely as a result of such Restricted Payments made during a Suspension Period. The Company will provide the Trustee with written notice of the commencement of any Suspension Period or Reinstatement Date. Until the Trustee receives such notice, it shall be entitled to assume no such Suspension Period or Reinstatement Date, as applicable, has occurred.

Events of Default

The following events will be defined as Events of Default in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) any note when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

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(b) default in the payment of interest or Additional Interest (as required by the Registration Rights Agreement) on any note when the same becomes due and payable, and such default continues for a period of 30 days;

(c) default in the performance or breach of the provisions of the Indenture applicable to mergers, consolidations and transfers of all or substantially all of the assets of the Company or the failure by the Company to make or consummate an Offer to Purchase in accordance with the Limitation on Asset Sales or Repurchase of the Notes upon a Change of Control covenant;

(d) the Company or any Subsidiary Guarantor defaults in the performance of or breaches any other covenant or agreement in the Indenture, under the notes (other than a default specified in clause (a), (b) or (c) above) or under the Security Documents and such default or breach continues for a period of 60 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the notes;

(e) there occurs with respect to any issue or issues of Indebtedness of the Company or any Significant Subsidiary having an outstanding principal amount of $25.0 million or more in the aggregate for all such issues of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (I) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled within 60 days of such acceleration or (II) the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended within applicable grace periods;

(f) any final judgment or order (not covered by insurance), that is non-appealable, for the payment of money in excess of $25.0 million in the aggregate for all such final judgments or orders against all such Persons (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Company or any Significant Subsidiary and shall not be paid or discharged, and there shall be any period of 45 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $25.0 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) a court having jurisdiction in the premises enters a decree or order for (A) relief in respect of the Company or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (B) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (C) the winding up or liquidation of the affairs of the Company or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 30 consecutive days;

(h) the Company or any Significant Subsidiary (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (C) effects any general assignment for the benefit of creditors;

(i) failure by any Regulated Significant Subsidiary to meet the minimum capital requirements imposed by applicable regulatory authorities, and such condition continues for a period of 30 days after the Company or such Regulated Subsidiary first becomes aware of such failure;

(j) the Company or any Subsidiary that holds Capital Stock of a Regulated Significant Subsidiary shall become ineligible to hold such Capital Stock by reason of a statutory disqualification or otherwise;

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(k) the Commission shall revoke the registration of any Regulated Significant Subsidiary as a broker-dealer under the Exchange Act or any such Regulated Significant Subsidiary shall fail to maintain such registration;

(l) the Examining Authority (as defined in Rule 15c3-1) for any Regulated Significant Subsidiary shall suspend (and shall not reinstate within 10 days) or shall revoke such Regulated Significant Subsidiary s status as a member organization thereof;

(m) the occurrence of any event of acceleration in a subordination agreement, as defined in Appendix D to Rule 15c3-1 of the Exchange Act, to which the Company or any Regulated Significant Subsidiary is a party;

(n) any Subsidiary Guarantor repudiates its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect; or

(o) with respect to any Collateral having a fair market value in excess of $10.0 million, individually or in the aggregate, the failure of the security interest with respect to such Collateral under the Security Documents, at any time, to be in full force and effect for any reason other than in accordance with the terms of the Security Documents and the terms of the Indenture and other than the satisfaction in full of all obligations under the Indenture and discharge of the Indenture if such failure continues for 30 days, except in each case for the failure or loss of perfection resulting from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Security Documents.

Subject to the terms of the Security Documents, an Event of Default (other than an Event of Default specified in clauses (g) or (h) above that occurs with respect to the Company or any Subsidiary Guarantor) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued interest and Additional Interest, if any, on the notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued interest and Additional Interest, if any, shall be immediately due and payable. In the event of a declaration of acceleration because an Event of Default set forth in clause (e) above has occurred and is continuing, such declaration of acceleration shall be automatically rescinded and annulled if the event of default triggering such Event of Default pursuant to clause (e) shall be remedied or cured by the Company or the relevant Significant Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration of acceleration with respect thereto. If an Event of Default specified in clauses (g) or (h) above occurs with respect to the Company, the principal of, premium, if any, and accrued interest and Additional Interest, if any, on the notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of at least a majority in principal amount of the outstanding notes by written notice to the Company and to the Trustee, may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest and Additional Interest (if any) on the notes that have become due solely by such declaration of acceleration, have been cured or waived, (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (z) all outstanding fees and expenses of the Trustee incurred in connection with such default have been paid. For information as to the waiver of defaults, *see* Modification and

Waiver.

Subject to the terms of the Security Documents, the Holders of at least a majority in aggregate principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of notes. A Holder may not pursue any remedy with respect to the Indenture or the notes unless:

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(1) the Holder gives the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a note to receive payment of the principal of, premium, if any, or interest or Additional Interest (if any) on, such note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the notes, which right shall not be impaired or affected without the consent of the Holder.

The trustee shall, within 90 days of the occurrence of a default, give to the Holders of the notes notice of all uncured defaults known to it, but the Trustee may withhold such notice if it, in good faith, determines that the withholding of such notice is in the best interest of such Holders, except in the case of a default in the payment of the principal of or interest or Additional Interest (if any) on any of the notes.

Officers of the Company must deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any default that occurred during the previous year. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into it unless:

(1) it shall be the continuing Person, or the Person (if other than it) formed by such consolidation or into which it is merged or that acquired or leased such property and assets of the Company (the **Surviving Person**) shall be an entity organized and validly existing under the laws of the United States of America or any jurisdiction thereof and shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, all of the Company s obligations under the Indenture, the Security Documents and the notes and, to the extent required by and subject to the limitations set forth in the Security Documents, will cause such amendments, supplements or other instruments to be executed, filed and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the Surviving Person, together with such financing statements or comparable documents to the extent required by and subject to the limitations set forth in the Security Documents, as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions; *provided*, that if such Surviving Person shall not be a corporation, such entity shall organize or have a Wholly-Owned Subsidiary in the form of a corporation organized and validly existing under the laws of the United States or any jurisdiction thereof, and shall cause such corporation to expressly assume, as a party to the supplemental indenture referenced above, as a co-obligor, each of such Surviving Person s obligations under the Indenture, the Security Documents and the notes;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

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(3) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, (1) could Incur at least $1.00 of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in the first paragraph of the Limitation on Indebtedness and Issuances of Preferred Stock covenant or (2) the Consolidated Fixed Charge Coverage Ratio would be greater than or equal to such ratio for the Company and the Restricted Subsidiaries immediately prior to such transaction;

(4) it delivers to the Trustee an Officers Certificate and an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with; and

(5) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction under this Consolidation, Merger and Sale of Assets section, shall have by amendment to its Subsidiary Guarantee confirmed that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person in accordance with the notes and the Indenture;

provided, *however*, that clause (3) above does not apply if, in the good faith determination of the Board of Directors of the Company, whose determination shall be evidenced by a Board Resolution delivered to the Trustee, the principal purpose of such transaction is to change the state of organization or convert the form of organization of the Company to another form, and any such transaction shall not have as one of its purposes the evasion of the foregoing limitation.

Defeasance

Legal Defeasance and Covenant Defeasance

The obligations of the Company and the Subsidiary Guarantors under the Indenture and the Security Documents will terminate (other than certain obligations) and will be released upon payment in full of all of the notes issued under the Indenture. The Company may, at its option and at any time, elect to have all of its obligations discharged with respect to the notes issued under the Indenture and the Security Documents, cause the release of all Liens on the Collateral granted under the Security Documents, and have each Guarantor s obligation discharged with respect to its Guarantee (**Legal Defeasance**) and cure all then existing Events of Default except for:

(1) the rights of Holders of notes issued under the Indenture to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due solely out of the trust created pursuant to the Indenture;

(2) the Company s obligations with respect to notes issued under the Indenture concerning issuing temporary notes, registration of such notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company s obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the Liens on the Collateral granted under the Security Documents released and its obligations and those of each Subsidiary Guarantor released with respect to clauses (2) and (3) under Consolidation, Merger and Sale of Assets and all the covenants described herein under Covenants, (**Covenant Defeasance**) and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including failure to pay or bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Company) described under Events of Default and Remedies will no longer constitute an Event of Default with respect to the notes.

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In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the notes issued under the Indenture:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants without consideration of any reinvestment of interest, to pay the principal of, premium, if any, and interest due on the notes issued under the Indenture on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on the notes;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions;

(a) the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling; or

(b) since the issuance of the notes, there has been a change in the applicable U.S. federal income tax law;

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel confirming that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any Credit Facility or any other material agreement or instrument (other than the Indenture) to which, the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and the granting of Liens in connection therewith);

(6) the Company shall have delivered to the Trustee an Officers Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or any Subsidiary Guarantor or others; and

(7) the Company shall have delivered to the Trustee an Officers Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be automatically discharged and will cease to be of further effect as to all notes issued thereunder, when either

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(a) all such notes theretofore authenticated and delivered, except lost stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(b)

(1) all such notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on such notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit or the granting of Liens in connection therewith) with respect to the Indenture or the notes issued thereunder shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound (other than an instrument to be terminated contemporaneously with or prior to the borrowing of funds to be applied to make such deposit and the granting of Liens in connection therewith); and

(3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of such notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions) to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Upon discharge of the Indenture, the Security Documents will automatically terminate and cease to be of further effect and all Liens on the Collateral granted under the Security Documents will be released.

Modification and Waiver

The Indenture and the Security Documents may be amended or supplemented, without the consent of any Holder, to:

(1) cure any ambiguity, defect, mistake or inconsistency in the Indenture;

(2) comply with the provisions described under Consolidation, Merger and Sale of Assets or Future Subsidiary Guarantees ;

(3) comply with any requirements of the Securities and Exchange Commission in connection with the qualification of the Indenture under the TIA;

(4) evidence and provide for the acceptance of appointment by a successor trustee;

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(5) make any change that would provide any additional rights or benefits to the Holders or make any change that, in the good faith opinion of the Board of Directors of the Company as evidenced by a Board Resolution delivered to the Trustee, does not materially and adversely affect the rights of any Holder;

(6) provide for uncertificated notes in addition to or in place of certificated notes;

(7) provide for the issuance of Additional Notes in accordance with the Indenture;

(8) add or release Guarantees with respect to the notes, in each case, in accordance with the applicable provisions of the Indenture;

(9) add additional assets as Collateral or release Collateral, in each case, in accordance with the applicable provisions of the Indenture and the Security Documents;

(10) enter into additional or supplemental Security Documents in accordance with the applicable provisions of the Indenture and Security Documents;

(11) conform any provision contained in the Indenture or any Security Documents to this Description of the new notes ; or

(12) to provide for the accession of any parties to the Security Documents and Intercreditor Agreement (and other amendments that are administrative or ministerial in nature) in connection with the issuance or incurrence of Pari Passu Lien Indebtedness.

Modifications and amendments of the Indenture and the Security Documents may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding notes; *provided*, *however*, that no such modification or amendment may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any note;

(2) reduce the principal amount of, or premium, if any, or interest on, any note;

(3) change the optional redemption dates or optional redemption prices of the notes from that stated under the caption Optional Redemption ;

(4) change the place or currency of payment of principal of, or premium, if any, or interest on, any note;

(5) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the Redemption Date) of any note;

(6) waive a default in the payment of principal of, premium, if any, or interest on the notes or modify any provision of the Indenture relating to modification or amendment thereof;

(7) reduce the above-stated percentage of outstanding notes of such series, the consent of whose holders is necessary to modify or amend the applicable indenture;

(8) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;

(9) reduce the percentage or aggregate principal amount of outstanding notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; or

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(10) release all or substantially all of the Collateral, other than in accordance with the Indenture and the Security Documents.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the Indenture becomes effective, the Company is required to mail or electronically transmit to the respective Holders a notice briefly describing such amendment. However, the failure to give such notice to all Holders entitled to receive such notice, or any defect therein, will not impair or affect the validity of the amendment.

No Personal Liability of Incorporators, Stockholders, Officers, Directors, or Employees

No recourse for the payment of the principal of, premium, if any, or interest or Additional Interest (if any) on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture, the Registration Rights Agreement, the Security Documents or in any of the notes or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee, manager, partner, equityholder or controlling person of the Company or of any successor Person thereof. Each Holder, by accepting the notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the notes. Such waiver may not be effective to waive liabilities under the federal securities laws.

The Trustee

Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person s own affairs.

The Indenture and provisions of the TIA, incorporated by reference therein contain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The trustee is permitted to engage in other transactions; *provided*, *however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this Description of the new notes for which no definition is provided.

Accreted Value means at any time, with respect to any Pari Passu Obligation issued with an original issue discount, accreted value of such Pari Passu Obligation at such time representing the stated principal or face amount thereof reduced by that portion of the related original issue discount corresponding to the ratio of the remaining term thereof to the original term thereof.

Acquired Indebtedness means Indebtedness of a Person existing at the time such Person becomes a Restricted