

The obligations of the Borrowers under the Amended and Restated Credit Agreement are guaranteed by each existing material domestic subsidiary of the Company, certain other domestic subsidiaries of the Company and certain existing material foreign subsidiaries of the Company that are disregarded entities for U.S. income tax purposes (each such foreign subsidiary, a "Disregarded Foreign Subsidiary"), and such obligations are required to be guaranteed by each subsequently acquired or formed material domestic subsidiary and Disregarded Foreign Subsidiary (each, a "Guarantor"), and the obligations of the Borrowers other than the Company ("Foreign Borrowers") for which the Company is not the primary obligor are also guaranteed by the Company. In addition, (i) the Borrowers' obligations under the Amended and Restated Credit Agreement are secured by a first priority lien (subject to liens permitted by the Amended and Restated Credit Agreement) on substantially all of the personal property of the Company and the Guarantors as set forth in the Amended and Restated Pledge and Security Agreement and (ii) the obligations of the Foreign Borrowers are secured by a first priority lien on 100% of the capital stock of the Foreign Borrowers.

The representations, covenants and events of default in the Credit Facility are customary for financing transactions of this nature, including required compliance with a minimum fixed charge coverage ratio and a maximum leverage ratio (each as defined below).

Under the Credit Facility as amended, the fixed charge coverage ratio, defined as the ratio of (i)(A) consolidated earnings before interest expense, income taxes, depreciation, amortization, stock-based compensation expense, and certain other charges and expenses ("EBITDA") minus (B) aggregate income taxes to the extent paid in cash minus (C) unfinanced capital expenditures to (ii) the sum of: (A) consolidated interest expense to the extent paid (or required to be paid) in cash, plus (B) the aggregate of all scheduled payments of principal on funded debt (including the principal component of payments made in respect of capital lease obligations) required to have been made (whether or not such payments are actually made), plus (C) the aggregate of all restricted payments (as defined) paid, plus (D) the aggregate of all earnouts paid or required to be paid, must not be less than 1.10 to 1.00 for the four-quarter period ending at the end of each fiscal quarter.

Also under the Credit Facility as amended, the senior secured leverage ratio, defined as the ratio of (i) consolidated total funded debt (excluding unsecured or subordinated debt) minus unrestricted cash to (ii) consolidated EBITDA, must not be greater 3.25 to 1.00 at the end of each fiscal quarter. In addition, the maximum permitted total leverage ratio allowable, which includes any unsecured or subordinated debt, must not be greater than 4.25 to 1.00.

At December 31, 2018, the Company was in compliance with the financial covenants under the Credit Facility. If the Company does not meet the covenant requirements in the future, it would be in default under the Credit Facility. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Facility and ancillary loan documents.

Short-term borrowings under the Credit Facility totaled \$23,195,000 and \$24,641,000 at December 31, 2018 and 2017, respectively. The Company expects, but is not required, to repay all of such short-term borrowings at December 31, 2018 in 2019.

The Company's capital leases are primarily comprised of equipment leases with terms ranging from 24 to 60 months.

Interest expense, including amortization of capitalized loan costs, on the Company's short-term and long-term borrowings was \$11,399,000, \$9,909,000, and \$9,934,000 for the years ended December 31, 2018, 2017, and 2016, respectively. Interest paid on the Company's short-term and long-term borrowings was \$10,381,000, \$8,394,000, and \$8,451,000 for the years ended December 31, 2018, 2017, and 2016, respectively.

Principal repayments of long-term debt, including current portions and capital leases, as of December 31, 2018 are expected to be as follows, assuming no prepayments or extensions beyond the stated maturity:

	Long-term Debt	Capital Lease Obligations	Total
<u>Year Ending December 31,</u>	<u>(In thousands)</u>		
2019	\$ 23,195	\$ 89	\$ 23,284
2020	—	3	3
2021	—	2	2
2022	167,121	—	167,121
Total	<u>\$ 190,316</u>	<u>\$ 94</u>	<u>\$ 190,410</u>