

\$655,000,000**BCPE Empire Topco, Inc.****% Senior Notes due 2027**

BCPE Empire Topco, Inc., a Delaware corporation (the “Issuer”), is offering \$655 million aggregate principal amount of % Senior Notes due 2027 (the “notes”). The notes will mature on , 2027. Interest on the notes is payable on and of each year, commencing on , 2021.

The Issuer expects to use the net proceeds from this offering (i) to repay in full all outstanding indebtedness under the Second Lien Term Loan (as defined herein), (ii) to repay \$30 million of indebtedness under the ABL Facility (as defined herein) that is expected to be incurred prior to or substantially concurrently with the consummation of this offering, (iii) to pay a dividend to our stockholders and (iv) to pay fees and expenses as incurred in connection with the foregoing transactions (collectively, the “Transactions”). See “Use of Proceeds.” The Issuer may redeem some or all of the notes at any time on or after , 2023 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The Issuer may also redeem up to 40% of the notes using the proceeds of certain equity offerings completed before , 2022, at a redemption price equal to % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time from , 2022 to , 2024, the Issuer may also redeem up to 100% of the notes upon a change of control or using the proceeds of certain equity offerings, at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Further, at any time prior to , 2023, the Issuer may redeem some or all of the notes at a price equal to 100% of the principal amount, plus a “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. If the Issuer sells certain of the Issuer’s assets or experiences specific kinds of changes in control, the Issuer must offer to purchase the notes. See “Description of the Notes—Optional redemption.”

The notes will be senior unsecured obligations of the Issuer and will rank equally in right of payment with all future senior unsecured obligations, senior to all future subordinated indebtedness and effectively subordinated to the future secured indebtedness of the Issuer, to the extent of the value of the assets securing such indebtedness. The notes will not have guarantees from any of the Issuer’s subsidiaries and therefore the notes will be structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of the Issuer’s subsidiaries, including the Senior Secured Credit Facilities (as defined herein).

See “Risk Factors” beginning on page 25 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Offering Price:
% plus accrued interest, if any, from **, 2021**

The notes have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), and are being offered only to (a) persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States to “Non-U.S. Persons” (as defined in Regulation S under the Securities Act) in compliance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The notes are not transferable except in accordance with the restrictions described under “Transfer Restrictions.” We do not intend and will not be required to exchange the notes for registered notes or to file a shelf registration statement for the resale of the notes.

The notes will not be listed on any securities exchange or automated quotation system.

The initial purchasers expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company (“DTC”) against payment in New York, New York on or about , 2021.

Joint Book-Running Managers

Credit Suisse**Barclays****J.P. Morgan****Citizens Capital Markets**

Offering Memorandum dated , 2021

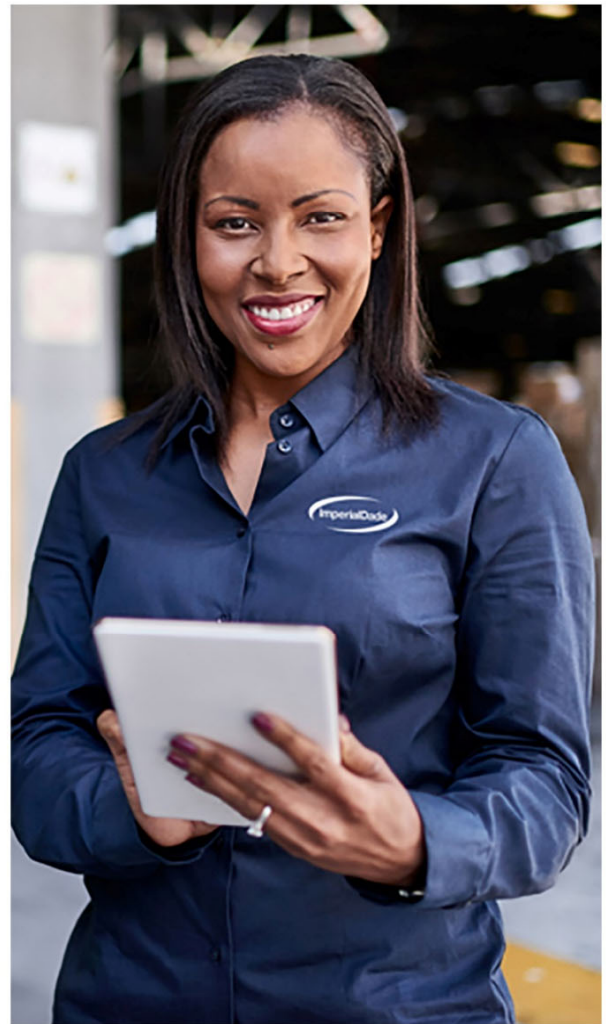
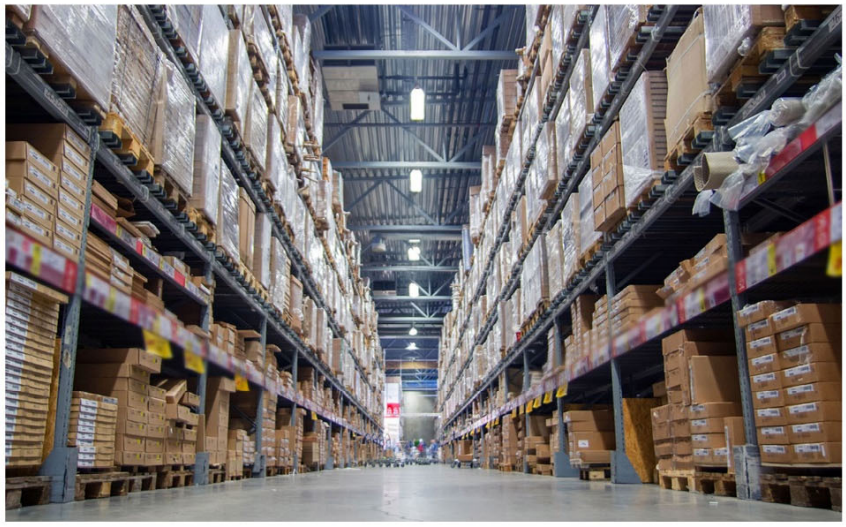


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Notice to Investors

This offering memorandum is a confidential document that we are providing only to prospective purchasers of the notes. You should read this offering memorandum before making a decision whether to purchase any notes. You must not:

- use this offering memorandum for any other purpose;
- make copies of any part of this offering memorandum or give a copy of it to any other person; or
- disclose any information in this offering memorandum to any other person.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the notes. You may contact us if you need any additional information. By purchasing any notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request and to review, and you have received, any additional information that you need from us;
- you have not relied upon the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision;
- this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with the rules of the Securities and Exchange Commission (the “SEC”) that would apply to an offering document relating to a public offering of securities; and
- no person has been authorized to give information or to make any representation concerning us, this offering or the notes, other than as contained in this offering memorandum in connection with your examination of us and the terms of this offering.

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes. You should contact the initial purchasers with any questions about this offering.

You must comply with all laws and regulations that apply to you in any place in which you buy, offer or sell any notes or possess or distribute this offering memorandum. You must also obtain any consents, permission or approvals that you need in order to purchase, offer or sell any notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We and the initial purchasers are not responsible for your compliance with these legal requirements. We are not making any representation to you regarding the legality of your investment in the notes under any legal investment or similar law or regulation.

We are offering the notes in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. By purchasing any notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in the “Transfer Restrictions” section of this offering memorandum. You may be required to bear the financial risks of investing in the notes for an indefinite period of time.

The notes have not been recommended by any federal, state or foreign securities authorities, nor have any such authorities determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on resale and transfer and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. Please refer to the sections in this offering memorandum entitled “Transfer Restrictions” and “Plan of Distribution.”

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. The initial purchasers assume no responsibility for the accuracy or completeness of any such information.

The Issuer reserves the right to withdraw this offering of the notes at any time. The Issuer and the initial purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of notes sought by such investor.

It is expected that delivery of the notes will be made against payment therefor on or about _____, 2021, which is the _____ business day following the date hereof (such settlement cycle being referred to as “T+ _____”). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+ _____, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the notes who wish to trade the notes on the date of pricing and the next _____ succeeding business days should consult their own advisors.

No Review by the SEC; No Registration Rights

This offering memorandum, as well as any other documents in connection with this offering, will not be reviewed by the SEC. There are no registration rights associated with the notes and the Issuer has no present intention to offer to exchange the notes for notes registered under the Securities Act or to file a registration statement with respect to the notes. The indenture that will govern the notes will not be qualified under the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

Presentation of Financial Information

This offering memorandum contains the audited financial statements of the Company. The Issuer (i) has no assets or liabilities other than its ownership of all of the equity interests of BCPE Empire Intermediate, Inc., which indirectly owns all of the equity interests of the Company and (ii) has no liabilities other than those incidental to its BCPE Empire Intermediate, Inc., which indirectly owns all of the equity interests of the Company.

On June 11, 2019, the Company (the “Successor Company”) acquired 100% of the outstanding shares of Imperial Dade Intermediate Holdings, LLC (the “Predecessor Company”) and its wholly owned subsidiaries in a transaction with Disposables Distribution Group Holdings, LLC (the “Acquisition”). The Acquisition resulted in a change in control and accordingly was accounted for as a business combination.

The financial results and information included in this offering memorandum as of December 31, 2020 and 2019, for the year ended December 31, 2020 and for the period from June 11, 2019 to December 31, 2019, relate to the Successor Company, following the completion of the Acquisition, and are referred to as those of the “Successor” period. The financial results and information included in this offering memorandum for the period from January 1, 2018 to December 31, 2018 and January 1, 2019 to June 10, 2019, relate to the Predecessor Company and are referred to as those of the “Predecessor” period. Our results of operations as reported in our audited consolidated

financial statements for these periods are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). As disclosed in the audited consolidated financial statements included in this offering memorandum, the amounts are generally not comparable between the Successor period and Predecessor period as they are presented on different bases of accounting.

Although GAAP requires that we report on our results for the period from January 1, 2019 through June 10, 2019 and the period from June 11, 2019 through December 31, 2019 separately, management views the Company’s operating results for the year ended December 31, 2019 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison to our results in the year ended December 31, 2020. Management believes the presentation of the combined period provides the reader with a relative indication of the results for the twelve-month period ended December 31, 2019.

The Company cannot adequately benchmark the operating results of the period from January 1, 2019 through June 10, 2019 against any of the current or prior periods reported in its consolidated financial statements without combining it with the period from June 11, 2019 through December 31, 2019 and does not believe that reviewing the results of this period in isolation would be useful in identifying trends in or reaching conclusions regarding the Company’s overall operating performance. Management believes that the key performance metrics such as net product sales, loss (income) from operations, EBITDA, Adjusted EBITDA and Management Pro Forma Adjusted EBITDA for the Successor period when combined with the Predecessor period provide more meaningful comparisons to other periods and are useful in identifying current business trends. Accordingly, in addition to presenting our results of operations as reported in our audited consolidated financial statements in accordance with GAAP, this offering memorandum also presents the combined results for the year ended December 31, 2019, which are referred to as the results for “2019” or “fiscal year 2019.”

The combined results for the year ended December 31, 2019, represent the sum of the reported amounts for the Predecessor period from January 1, 2019 through June 10, 2019 and the Successor period from June 11, 2019 through December 31, 2019. These combined results are not considered to be prepared in accordance with GAAP and have not been prepared as pro forma results per applicable regulations, but we believe these results provide investors with useful information to assess our performance. The combined operating results do not reflect the actual results had the Acquisition been consummated on January 1, 2019.

Non-GAAP Financial Measures

In addition to the financial information presented in this offering memorandum prepared in accordance with GAAP, this offering memorandum contains “non-GAAP financial measures,” that is, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Base business net product sales, Pro Forma Revenue, Management Pro Forma Revenue, Free Cash Flow and Free Cash Flow Conversion, as presented in this offering memorandum, are supplemental measures of performance that are not required by or presented in accordance with GAAP. We calculate EBITDA as net income (loss) excluding interest expense, income taxes and depreciation and amortization expenses. We calculate Adjusted EBITDA as EBITDA as further adjusted to exclude items such as sales process costs, loss on early extinguishment of debt, acquisition expenses, sponsor fees, severance, facility consolidation costs, and COVID-19 expenses. We calculate Management Pro Forma Adjusted EBITDA as Adjusted EBITDA as further adjusted to include items such as pre-acquisition results of acquisitions in the year presented and those under a Letter of Intent (“LOI”), certain costs savings expected to be achieved related to these acquisitions, as well as savings from identified operational initiatives. We define Base business net product sales as net product sales excluding the impact of acquisitions from the year presented and other intercompany adjustments. We define Pro Forma Revenue as net product sales including the impact of acquisitions as if the acquisition had been completed on January 1st of the presented year. We define Management Pro Forma Revenue as Pro Forma Revenue as further adjusted to include pre-acquisition net product sales of acquisitions closed in the year presented and those under a LOI. We calculate Free Cash Flow as Management Pro Forma Adjusted EBITDA as further adjusted to exclude maintenance capital expenditures. We calculate Free Cash Flow Conversion as Free Cash Flow as a percentage of Management Pro Forma Adjusted EBITDA. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Base business net product sales, Pro Forma Revenue, Management Pro Forma Revenue, Free Cash Flow and Free Cash Flow Conversion should not be considered as an alternative to net income (loss), operating income (loss) or any

other performance measures derived in accordance with GAAP as measures of operating performance. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Base business net product sales, Pro Forma Revenue, Management Pro Forma Revenue, Free Cash Flow and Free Cash Flow Conversion are not necessarily comparable to similarly titled measures presented by other companies and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating these non-GAAP financial measures, you should be aware in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. See “Risk Factors—Risks Related to Our Business—Our Management Pro Forma Adjusted EBITDA is based on certain estimates and assumptions and should not be regarded as a representation by us or any other person that we will achieve such operating results. Prospective investors should not place undue reliance on our Management Pro Forma Adjusted EBITDA and should make their own independent assessment of our future results of operations, cash flows and financial condition.”

We present these non-GAAP financial measures because we believe they assist investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. These measures are not measurements of financial performance under GAAP and have limitations as analytical tools, and may not be comparable to other similarly titled measures of other companies. Non-GAAP financial measures also should not be construed as an inference that our future results will be unaffected by items for which these non-GAAP financial measures make adjustments. Additionally, EBITDA, Adjusted EBITDA and Management Pro Forma Adjusted EBITDA have certain limitations as analytical tools such as:

- they do not reflect interest expense, or the cash requirements necessary to service interest, or principal payments, on our indebtedness;
- they do not reflect income tax expense or the cash requirements to pay income taxes; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these non-GAAP financial measures do not reflect cash requirements for such replacements.

Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for analyzing our results under GAAP, and should be considered together with our GAAP financial measures and the reconciliations to the corresponding GAAP financial measures set forth in this offering memorandum. For a reconciliation of these non-GAAP financial measures to the closest comparable GAAP financial measures, see “Summary—Summary Historical Consolidated Financial Data.”

Cautionary Statement Regarding Forward-Looking Statements

This offering memorandum includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the “Risk Factors” section of this offering memorandum. Those

factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in this offering memorandum.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this offering memorandum speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Market, Ranking, Industry Data and Forecasts

This offering memorandum includes market share, ranking, industry data and forecasts that we obtained from industry publications, surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position and ranking are based on market data currently available to us, management's estimates and assumptions we have made regarding the size of our markets within our industry. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this offering memorandum. Neither the Issuer nor the initial purchasers can guarantee the accuracy or completeness of such information contained in this offering memorandum. In addition, certain of these publications, studies and reports were published before the global COVID-19 pandemic and therefore do not reflect any impact of the COVID-19 pandemic on any specific market or globally.

Trademarks and Copyrights

We own or have rights to trademarks or trade names that we use in connection with the operation of our business. In addition, we have trademark and service mark rights to our names, logos and website names and addresses. Other trademarks, service marks and trade names referred to in this offering memorandum are the property of their respective owners. Solely for convenience, in some cases, the trademarks, service marks and trade names referred to in this offering memorandum may appear without the ® symbol and ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks or trade names.

Terms Used in this Offering Memorandum

- "ABL Credit Agreement" refers to the ABL credit agreement, dated June 11, 2019, among BCPE Empire Intermediate, Inc., the Company, the lenders from time to time parties thereto, and JPMorgan Chase Bank, N.A., as the administrative agent, the collateral agent, the swingline lender and an issuing bank (as amended by Amendment No. 1 dated as of July 21, 2020 and as further amended, restated, supplemented or otherwise modified from time to time);
- "ABL Facility" refers to our asset-based revolving credit facility with aggregate commitments of \$245.0 million established under the ABL Credit Agreement;

- “Company,” “we,” “us,” “our” and similar references refer to BCPE Empire Holdings, Inc. and its consolidated subsidiaries;
- “First Lien Term Loan” refers to our first lien term loan with an aggregate outstanding principal amount of \$780.6 million provided under the Term Loan Credit Agreement;
- “Incremental First Lien Term Loan” refers to our incremental first lien term loan with an aggregate outstanding principal amount of \$180.0 million provided under the Term Loan Credit Agreement;
- “Issuer” refers to BCPE Empire Topco, Inc., excluding its consolidated subsidiaries.
- “Second Lien Term Loan” refers to the Second Lien Credit Agreement, dated June 11, 2019, among BCPE Empire Intermediate, Inc., the Company, the lenders from time to time parties thereto, and Credit Suisse AG, Cayman Islands Branch, as the administrative agent and the collateral agent;
- “Senior Secured Credit Facilities” refers to the ABL Facility and the Term Loan Facility;
- “Sponsor” refers to Bain Capital Partners;
- “Term Loan Credit Agreement” refers to the first lien credit agreement, dated as of June 11, 2019, among BCPE Empire Intermediate, Inc., the Company, the lenders from time to time parties thereto, and Credit Suisse AG, Cayman Islands Branch, as the administrative agent and the collateral agent (as amended by Amendment No. 1 dated as of December 15, 2020 and as further amended, restated, supplemented or otherwise modified from time to time); and
- “Term Loan Facility” refers to our First Lien Term Loan and Incremental First Lien Term Loan.

SUMMARY

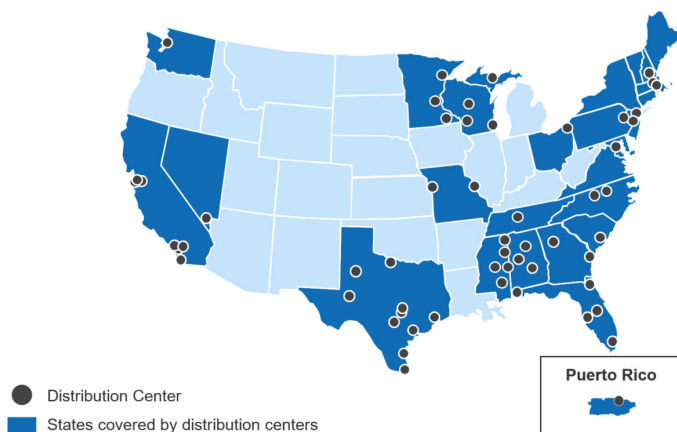
This summary highlights selected information regarding us and the offering and should be read as an introduction to the more detailed information contained in this offering memorandum. This summary does not contain all the information you should consider before investing in the notes. You should read the entire offering memorandum, including the financial statements and related notes and the sections entitled “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements.” See “—The Offering,” “Description of Existing Indebtedness” and “Description of the Notes” for more information regarding the terms of the notes and the Company’s existing indebtedness.

Our Company

We are the largest pure-play specialty distributor of Foodservice Packaging (“FSP”) and Janitorial Sanitation (“Jan-San”) products in the United States. We serve as a mission-critical partner to approximately 65,000 customers, providing product expertise and technical know-how across a portfolio of over 60,000 stock keeping units (“SKUs”). We have deeply entrenched supplier relationships and serve as the critical link between hundreds of suppliers and thousands of customers.

Our complementary product offering provides a one-stop shop for customers across a broad range of growing end markets including grocery and convenience stores, foodservice, hospitality, healthcare, and education. Our core FSP products include food containers and trays, paper and plastic bags, cups, plates, bowls, cutlery, films, wraps, while our core Jan-San products include a broad range of cleaning supplies and chemicals, as well as personal protective equipment (“PPE”) and food safety products. Due to our unparalleled scale and flexibility, we are able to provide eco-friendly alternatives across a wide range of our products allowing us to stay at the forefront of legislation and industry trends. Additionally, we offer private label products through our Victoria Bay brand, comprising over 1,300 SKUs. We are a critical, value-added partner to both our suppliers and customers that leverages our unique perspective across end-customer preferences, behavior changes and regulatory developments to help them make important decisions about their businesses.

We have a national footprint of 60 warehouses and 20 cross-docks, strategically located across the United States, totaling over 4.5 million square feet of warehouse space. We have a highly experienced sales team of over 650 personnel and 40 equipment technicians. We continue to realize significant efficiencies as we migrate our footprint to a single ERP system, S2K, and consolidate selected smaller facilities into larger supersites. We also operate a fleet of over 1,000 delivery vehicles and trailers, delivering over 3.5 million orders annually on a next day basis. Our fleet can profitably serve customers within approximately 150 miles of a warehouse and 50 miles of a cross-dock.



With a structurally advantaged business model, we believe that our customers choose us for a number of reasons, including breadth and availability of our competitively priced products, technical expertise and support, geographic footprint, and consistent and timely delivery. Our ability to serve as a one-stop shop for all FSP and Jan-

San needs allows our customers to consolidate distributors and simplify procurement management, which differentiates us from national broadline distributors and smaller specialty distributors, who may not have the product breadth or expertise to effectively compete.

For the twelve months ended December 31, 2020, we reported Management Pro Forma Revenue and Management Pro Forma Adjusted EBITDA of \$2,432 million, and \$227.9 million, respectively. Please refer to the “Summary Historical Consolidated Financial Data” for additional detail.

Our History

Robert and Jason Tillis acquired Imperial Bag & Paper Company in 2007 and implemented an aggressive growth strategy to scale from one facility servicing the Northeast, to eighty facilities nationwide with the ability to service customers from coast-to-coast. In 2016, after completing six acquisitions and roughly tripling in size, the Company partnered with Audax Private Equity (“Audax”) to further accelerate growth. In 2017, Imperial Bag & Paper completed the transformational acquisition of Dade Paper, forming a leading independent platform in the U.S. and rebranding as Imperial Dade. Together, Audax and the Company completed sixteen acquisitions, including Dade Paper, which provided greater density in the markets already being served and access to new end markets and geographies. In June 2019, Bain Capital acquired a majority stake in Imperial Dade and since then has completed twelve acquisitions in the highly fragmented space.

Our Products

We sell our products across two highly complementary categories: FSP and Jan-San.

Foodservice Packaging

FSP is our largest offering with an expansive portfolio with over 60,000 SKUs. Sourced from an extensive network of domestic and international suppliers, our FSP offering spans a wide variety of product types and various price points, catering to our diverse end markets including restaurants, grocery and convenience stores, healthcare, educational institutions, hospitality, cruise lines, and many others. Our products include containers, cups, bags, plates and bowls, films and wraps, custom printed items, trays, cutlery and other products.

Our expansive product breadth, including eco-friendly and customizable SKUs, is differentiated versus national broadline distributors and smaller specialty distributors that typically only offer a fraction of the SKUs we do. Increasingly, customers seek customized products tailored to their needs, and turn to us to work with manufacturers to create and deliver these products. Our scale, supplier relationships, resources and national footprint allow us to capitalize on these opportunities and drive organic growth.

Janitorial Sanitation

With a complete product suite to support our customers’ facility maintenance and sanitation programs, our Jan-San offering is highly complementary to our FSP products, providing significant cross-sell opportunities. Our products include towels and tissues, chemicals and soaps, liners, hygiene apparel, janitorial supplies, dispensers and other equipment.

We determine product requirements with customers through on-site product consultations aimed at helping customers optimize efficiency and comply with health and safety standards. Our sales professionals bring deep technical and end market expertise to ensure that customers comply with regulations, particularly in areas such as hygiene and food preparation. This high-touch, collaborative approach, further differentiates our product and service offering versus competitors.

We also offer a range of additional value-add services, including equipment installation, repairs and maintenance, and chemical consulting services. Jan-San equipment and servicing is a significant differentiator from both smaller specialty distributors, who lack the resources to invest in services, and national broadline distributors, who cannot profitably provide the same level of service and attention.

Victoria Bay Private Label Offering

Victoria Bay, our private label offering, provides a full suite of Jan-San equipment and consumables. These products are sourced from established domestic and international suppliers who provide an extensive variety of SKUs, including a full range of environmentally friendly solutions.

Victoria Bay generated approximately \$193 million in sales in 2020, representing approximately 9% of Pro Forma Revenue. Products sold under the Victoria Bay brand are typically priced to generate meaningfully higher gross margin on a normalized basis than comparable third-party branded products at equivalent or higher quality.

We continue to evaluate additional product categories to further expand our private label offering, having previously launched a line of Victoria Bay branded masks, nitrile gloves, disposable cups, napkins and towels.

End Markets

Our portfolio provides a one-stop shop for customers across a broad range of growing resilient end markets.

Grocery & C-Store

Represents supermarket, grocery and convenience retail stores that primarily sell food, often including hot and cold prepared food.

Foodservice

Represents fast casual and full service restaurants including dine-in, take-out and delivery.

Hospitality & Entertainment

Represents facilities that provide accommodations for guests, primarily hotels and cruise lines.

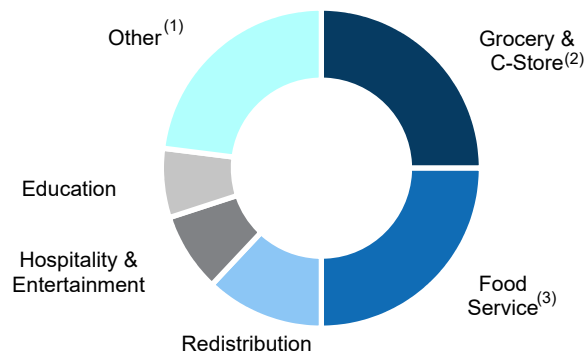
Education

Represents schools, including K-12 education, as well as post-secondary institutions.

Other

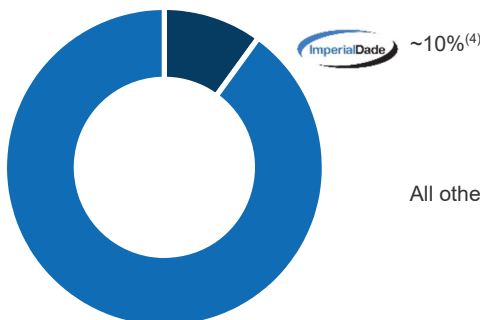
Includes healthcare, institutional dining, facilities management, corporate, among others.

End Market Breakdown



Market Share by Total Sales

Largest competitors



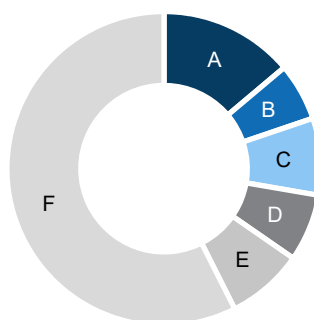
- (1) Includes healthcare, institutional dining, facilities management, corporate, among others.
- (2) Includes supermarket chains, grocery stores, and convenience stores.
- (3) Includes fast casual and full service restaurants, including dine-in, take-out and delivery.
- (4) Based on Management Pro Forma Revenue of approximately \$2.4 billion for fiscal year 2020 and an estimated addressable market of over \$25 billion (based on a 2018 third-party study commissioned by the Company).

Our Customers

We are a value-add partner to approximately 65,000 customers across various end markets and geographies, ranging from large, national chains to local independent operators. Enabled by our broad product offering, expertise, service capabilities and geographic footprint, we have deeply entrenched relationships with our customers, with average tenure of approximately 14 years among our top 10 customers. Our customer base is fragmented, with the top 10 customers representing approximately 17% of total sales, and the top 100 customers representing approximately 35% of total sales. Furthermore, our customer purchasing patterns are diverse, as over 75% of our customers purchase both FSP and Jan-San products and approximately 46% of our customers purchase private label products.

We provide unique solutions for our customers through a high-touch, consultative sales approach and ongoing account management. We offer a full suite of products, superior logistics infrastructure, and digital ordering platform that can integrate seamlessly with customers' ERP systems. Many of our customers are independent operators that rely on our value-add sales approach to effectively manage day-to-day operations. As we continue to scale, meaningful opportunities exist to further increase share with large national and super regional customers.

Customer Breakdown

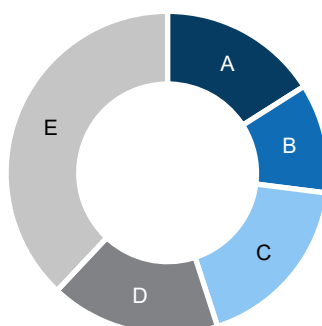


A	Customers 1-5	13%
B	Customers 6-10	5%
C	Customers 11-25	6%
D	Customers 26-50	5%
E	Customers 51-100	6%
F	All Other	65%

Our Suppliers

We are a critical partner to our more than 600 suppliers, providing superior, single-point access to a vast and growing customer base. Our scale, extensive reach, and superior salesforce uniquely position us to help suppliers introduce new products and increase penetration with customers. We have deep relationships with our suppliers. Our team of 60 procurement specialists manages these relationships and works closely with suppliers to facilitate new product launches. As a result, we enjoy a stable supplier base and have been able to access lower prices and more favorable rebate programs over time.

Supplier Breakdown



A	Suppliers 1-5	16%
B	Suppliers 6-10	11%
C	Suppliers 11-25	18%
D	Suppliers 26-50	17%
E	All Other	38%

Our Technology Infrastructure

We utilize a sophisticated IT infrastructure that allows for effective, data-driven management and is scalable to support future acquisitions and growth. We initially implemented our S2K ERP system at legacy Imperial Bag & Paper in 2013, which has allowed us to continue growing through this proven, distribution-focused platform. In addition, we leverage technology in areas such as sales and our customer-facing interface, logistics, routing, and fleet monitoring.

Our Fleet

To serve our diverse customer base, we operate a fleet of over 1,000 delivery vehicles including straight trucks, tractors, trailers, and light vehicles, and we employ approximately 700 drivers. On average, the fleet distributes \$9,000 to \$13,000 sales per route. We maintain participating customers' facility keys and alarm codes, allowing our drivers to service customers during non-operational hours, highlighting the high-touch approach that differentiates us with our customers.

We lease the majority of our fleet, with leases fully covering required maintenance and service. We utilize a third-party maintenance and repair service to minimize downtime and maintain high utilization rates at low costs. In addition, we use monitoring technology to help minimize accidents and ensure responsible driver behavior. On occasion, we will hedge fuel to minimize impact from commodity price volatility.

Our Employees

We employ over 3,300 employees, with the majority being full-time. We have 442 employees that are unionized, with union employees located in Jersey City, New Jersey and Racine, Wisconsin. Management maintains excellent relationships with the unions and has never experienced a work stoppage or labor dispute. We maintain a multi-employer union pension plan, which is over-funded as of December 31, 2020. We expect discussions regarding contract renewal to commence in August of this year, and expect no material changes or issues. We develop the next generation of branch managers via our assistant branch manager program. Assistant branch managers are trained in operating best practices and shadow seasoned branch managers for a number of years.

Experienced assistant branch managers are then deployed to oversee operations at newly acquired entities that lack the same degree of operational excellence, or where substantial growth is anticipated. Our deep bench and focus on talent management enables us to scale effectively without talent constraints.

Our Industry

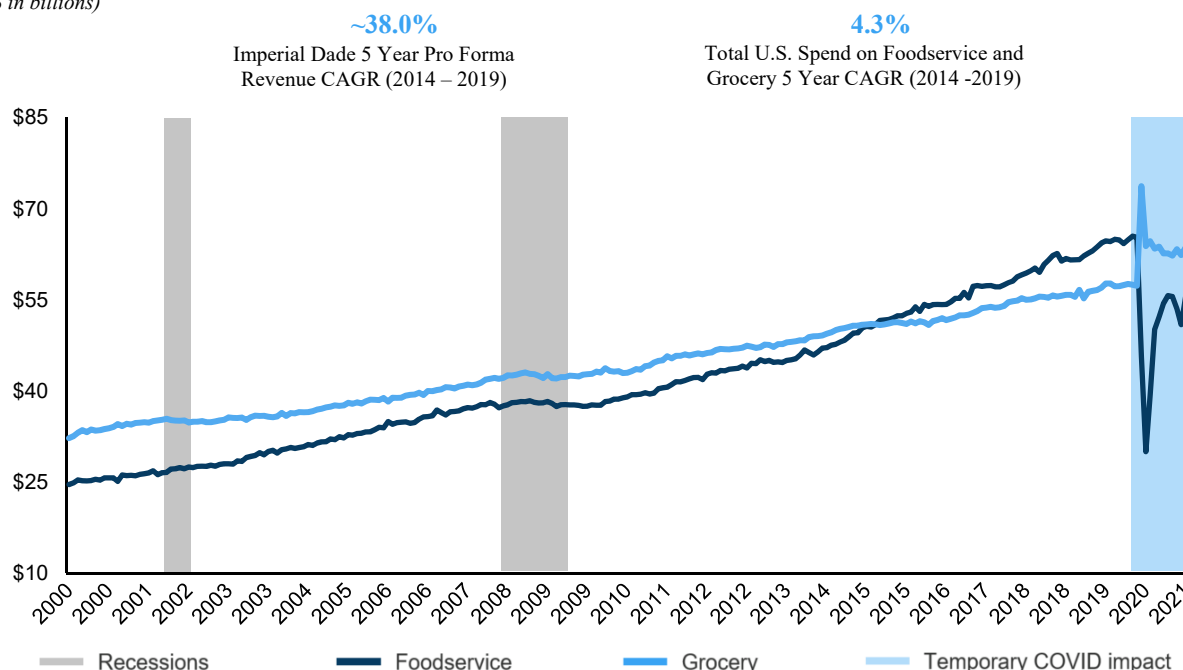
The FSP and Jan-San specialty distribution industry was estimated to grow at an approximately 4% CAGR between 2014 and 2019 and is expected to reach an addressable market size estimated to be over \$25 billion in 2020. The industry spans a variety of resilient end markets including grocery stores, restaurants, hospitality, healthcare, education corporate, and others. Most customers across the industry's end markets require both FSP and Jan-San products, and as a result, prefer to source products from a single supplier to maximize efficiency and reduce costs.

The FSP and Jan-San markets are resilient to economic downturns due to the consumable and mission critical nature of its products, with relatively inelastic demand as customers need these products to carry out their operations.

We believe we are well-positioned within our end markets, which are benefitting from continued secular tailwinds, including increased food delivery, a shift to sustainable packaging, and a fundamental shift to increased focus on health and safety. From 2014 to 2019, we achieved a five-year Pro Forma Revenue CAGR of approximately 38.0% compared to the 4.3% CAGR for total U.S. spend on foodservice and grocery over the same period.

Total Monthly U.S. Spend on Foodservice and Grocery⁽¹⁾

For the Period January 2000 – January 2021
(\$ in billions)



(1) U.S. Census Bureau, Retail Sales: Foodservices and Drinking Places [MRTSSM722USS] and Grocery Stores [MRTSSM4451USS], retrieved from FRED, Federal Reserve Bank of St. Louis.

Importantly, all end markets served by specialty distributors consume elements of both FSP and Jan-San products, creating attractive cross-selling opportunities which underpin the value derived from offering both product categories.

FSP Market

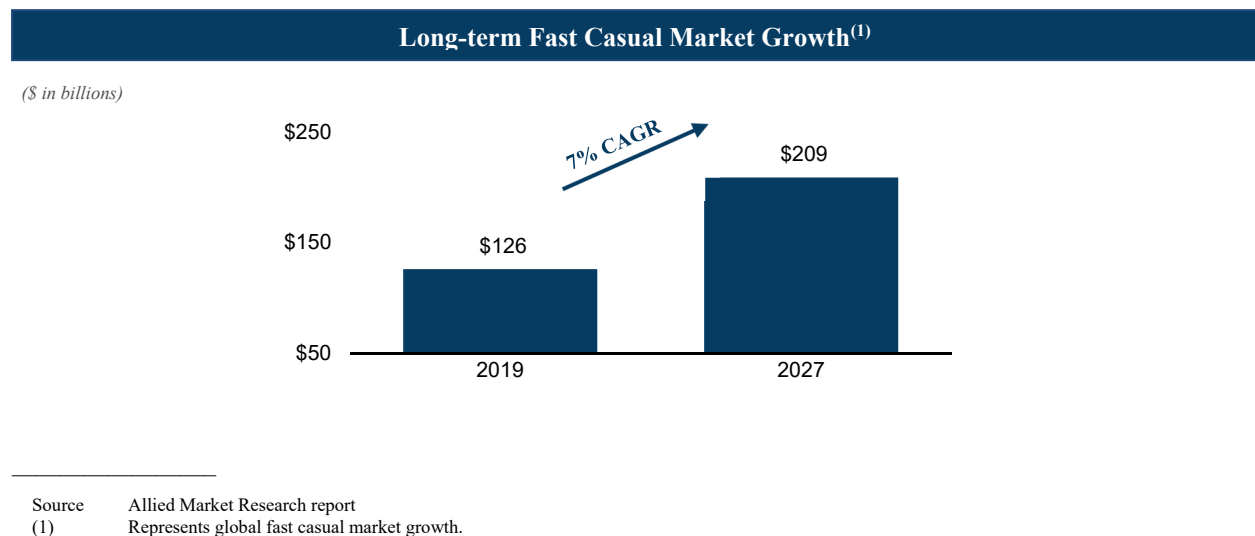
The FSP market in the United States was expected to grow at an approximately 4% CAGR between 2015 and 2020 and reach an addressable market size estimated to be over \$12 billion in 2020. Growth in the market has been historically tied to overall economic activity, disposable income, population trends, and shifts in consumer preferences and behavior. Recently, there has been a shift in food at home to food away from home. In addition, customer demands in the FSP market have become increasingly complex due to trends in sustainable and customized products. Specialty distributors are uniquely positioned to help customers navigate these complex requirements and provide manufacturers with a highly technically capable channel to bring products to market.

Jan-San Market

The Jan-San market in the United States was expected to grow at an approximately 3% CAGR between 2015 and 2020 and reach an addressable market size estimated to be over \$13 billion in 2020. Growth in the market has been historically tied to overall economic activity, new regulations, and shifts in consumer preferences and behavior. Health regulations and increasing health standards are driving greater scrutiny of sanitation and hygiene, resulting in more complex cleaning protocols and a higher frequency of cleaning. Specialty distributors are uniquely positioned to continuously advise customers and provide the required products and equipment to limit liability and loss of business.

Secular Growth Trends

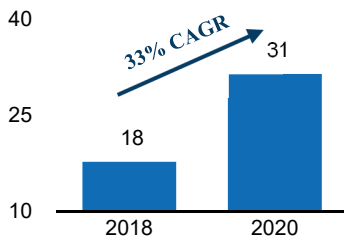
Specialty distributors are well-positioned in the FSP and Jan-San markets given the long-term structural tailwinds, such as shifting consumer preferences, regulation, outsourcing trends, and adoption of premium and eco-friendly products.



Surge in Delivery Demand

Active GrubHub Diners

(in millions of diners)



GrubHub Daily Average Orders

900,000

600,000

300,000

20% CAGR

622,700

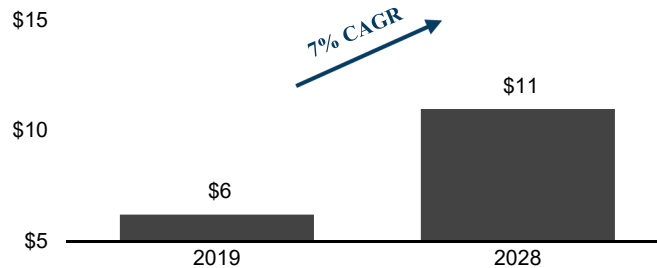
435,900

2018

2020

Accelerating Disinfectant Sprays and Wipes Market Growth

(\$ in billions)



Source GrubHub metrics from filings and <https://www.tritonmarketresearch.com/reports/disinfectant-sprays-and-wipes-market>.

Demographic Shifts

Younger generations are more inclined to eat out than previous generations, providing support for long-term industry growth.

Numerous social, technological and financial factors are also supporting sustained industry growth including: a growing share of dual-income households, preference towards convenience over cooking, proliferation of online ordering and increased brand association with food products and merchandising.

Prepared Foods

Consumers are increasingly focused on convenience and health, driving sustained growth of fresh prepared food. Moreover, significant proliferation of fast casual concepts has occurred in recent years as consumers shift from full service to quick-service restaurants. Since prepared and fresh foods are the fastest growing categories in supermarkets, grocery stores are increasing the amount of floor space dedicated to warm buffets, salad stations, soup dispensers, and other prepared food.

Food Delivery Acceleration

Restaurants from fine dining to fast casual have adapted their operations to provide food delivery and out-of-home dining options for customers. The shift in consumer preference towards food delivery has fueled strong

growth in both traditional direct and third-party (e.g. GrubHub) food delivery systems, which support demand for FSP products offered by specialty distributors.

Concept Proliferation

Customers are increasingly brand conscious and restaurants have been pushing for differentiated packaging to increase brand awareness. High-quality packaging improves the perception of food quality and customers increasingly rely on consultative sales teams to recommend new options and products to help optimize their businesses.

Sustainability

Regulatory pressures and consumer demand for sustainable products are driving a sustained shift to environmentally-friendly materials. Our deep supplier relationships and strong sales capabilities help us capture benefits arising from these shifts.

Focus on Hygiene and Safety

The COVID-19 pandemic has brought an increase in demand for sanitation and hygiene products as requirements for cleanliness and safety in order to prevent the transmission of the disease are becoming more stringent and customers are demanding cleaner and more sanitary environments.

Competitive Landscape

The market of FSP and Jan-San specialty distributors is highly fragmented, with few pure-play competitors of scale. Our scaled specialty offering is valued by customers and suppliers, due to our deep product knowledge and SKU breadth, long-standing relationships, and flexibility to meet complex demands in a variety of end markets. Small, regional distributors and national broadline distributors similarly offer more limited portfolios of FSP and Jan-San products and therefore struggle to compete with our offering on SKU breadth, service, and pricing. In addition, these players lack the value-add services which drive customer stickiness.

Our Competitive Strengths

Recession-resilient Markets Benefitting from Secular Tailwinds


The FSP and Jan-San markets are resilient to economic downturns due to the consumable and mission critical nature of the products, which are characterized by inelastic customer demand. Our product breadth and entrenched relationships with both customers and suppliers create significant competitive advantages for us to continue to serve customers through cycles and gain share from less flexible competitors.

In addition, secular tailwinds, including demographic shifts, transition towards convenience and health of prepared foods, mass adoption of home food delivery, increasing importance of brand awareness and a shift towards environmentally friendly, sustainable packaging, all support stable, sustained growth over time. We are particularly well-positioned to benefit from heightened focus on sustainability, which has been further accelerated by the COVID-19 pandemic. Sustainability supports growth in higher-margin products where our differentiated offerings, such as compostable containers, paper straws, and high-quality, eco-friendly cleaning chemicals and supplies, as well as greater use of design-forward, custom-branded, and eco-friendly packaging, serve as a source of differentiation for customers.

Structurally Advantaged Business Model Offers a Differentiated Value Proposition

Our business model enables us to consistently win business and gain market share from competitors. Local and small distributors lack the sophistication and comprehensive product and service offering to effectively compete with our platform. Customers increasingly expect SKU breadth and flexible logistics capabilities requiring scale and infrastructure that smaller operations are unable to offer. National broadline distributors primarily focus on selling

food, which tends to involve higher gross margin dollar per square foot products, possess higher operating costs, and require more complex infrastructure to distribute, including climate-controlled trucks and warehouses. As a result, national headline distributors offer more limited portfolios of FSP and Jan-San products and struggle to compete with us on SKU breadth, service, and pricing.

		Low Prices	Broad Offering	Sales Expertise and Support	Delivery Speed and Flexibility	Scale Footprint
Specialty		✓	✓	✓	✓	✓
	Regional Players	✓	✗	✓	✗	✗
	Mom 'n Pops	✓	✗	✓	✗	✓
National	Bunzl (Grocery)	✓	✓	✗	✗	✓
	Broadliners	✗	✗	✗	✗	✓
	Other (Office, HC)	✗	✗	✗	✗	✓

We believe specialty distributors offer a unique value proposition that is difficult for Amazon, or similar players to replicate given differences in their business model. FSP and Jan-San customers have unique purchasing needs which require a highly trained sales force to advise and optimize product selection. Amazon lacks the salesforce, customer service and expertise to win and retain customers that are accustomed to specialty distribution. Furthermore, Amazon does not provide additional value-added services, such as equipment installation, repairs and maintenance that are important to customers and typically provided by specialty distributors. Lastly, being able to deliver products in a narrow time frame, often after business hours and through the use of a security code to gain access to the premises, is not something that Amazon's last mile network is set up to consistently do well.

This is a market with relatively low margins and small profit pools, making it difficult to be successful without having a specialized and dedicated infrastructure. Amazon's existing warehouses and last-mile network are not designed to offer bulk delivery of high-cube items, which makes it challenging to deliver these products at similar prices and earn a reasonable margin.

We are positioned as a partner for customers to help drive the success of their operations. We offer a broad and complementary range of products, which provides customers with a one-stop shop for all their FSP and Jan-San product requirements, providing us significant cross-sell opportunities. We also offer a comprehensive range of value-add capabilities to help optimize customer operations, drive share of wallet gains, and increase customer loyalty, including product consultation and equipment installation and maintenance. Furthermore, our leading private label offering, Victoria Bay, offers a diverse array of high quality products at attractive margins. The vast majority of our sales require specialty expertise or customization, acting as a natural moat against competitors.

Long-standing, Diverse Customer Base and Deep Supplier Relationships

We are a value-add partner to a diverse base of approximately 65,000 customers across various end markets and geographies, ranging from large, blue-chip, multi-location customers to local independent operators. Our customer base is fragmented, with the top 10 customers representing approximately 17% of total sales, and the top 100 customers representing approximately 35% of total sales. As a result, our deeply entrenched relationships have an average tenure of approximately 14 years among the top 10 customers.

We provide unique solutions for customers through our high-touch, consultative sales approach and ongoing account management. We offer a full suite of products, superior logistics infrastructure, and digital ordering platform that can integrate seamlessly with customers' ERP systems. Many of our customers are independent

operators that rely on our value-add sales approach to effectively manage day-to-day operations. As we continue to scale, we have meaningful opportunities to increase share with large national and super regional customers.

We are also a critical partner to suppliers, providing superior, single-point access to a vast and growing customer base. Our scale and extensive reach create a unique channel to introduce new products and increase penetration with customers. We have established deep supplier relationships through a team of 60 procurement specialists. The team manages these relationships actively and works closely with suppliers to facilitate new product launches. Furthermore, our scale gives us significant leverage with suppliers. As a result, we have been able to achieve enhanced pricing and more favorable rebate programs over time.

Long Track Record of Strong Financial Performance and Stable Cash Flow Generation

Our above-market performance is driven by strong industry fundamentals, growth with existing customers, and new customer acquisitions. We have a consistent track record of organic sales growth, from \$119 million of Management Pro Forma Revenue in fiscal year 2007 with approximately 2,000 customers to Management Pro Forma Revenue of \$2,432 million with approximately 65,000 customers in fiscal year 2020. We achieved over 20x Management Pro Forma Revenue growth and over 32x customer expansion over the period through core organic growth as well as successful M&A and integration.

Due to our strong revenue growth, steady margins, limited capital expenditures and counter-cyclical net working capital requirements, we are able to drive cash flow generation. Free Cash Flow Conversion for fiscal year 2020 was 98.5%. We operate with a flexible cost structure (approximately 75% variable costs) enabling us to respond to changing markets. For each of the last three fiscal years, capital expenditures have represented less than 1.0% of Management Pro Forma Revenue. Capital expenditures primarily relate to growth, including new facilities, while maintenance expenditures have been less than \$4 million for each of the last three fiscal years. As a result, Free Cash Flow has been consistent and growing from \$94 million in 2018 to \$224 million in fiscal year 2020. Additionally, Free Cash Flow Conversion has increased from 96.3% in fiscal year 2018 to 98.5% in fiscal year 2020, a 2.2% increase.

Proven, Driven, and Dedicated Management Team

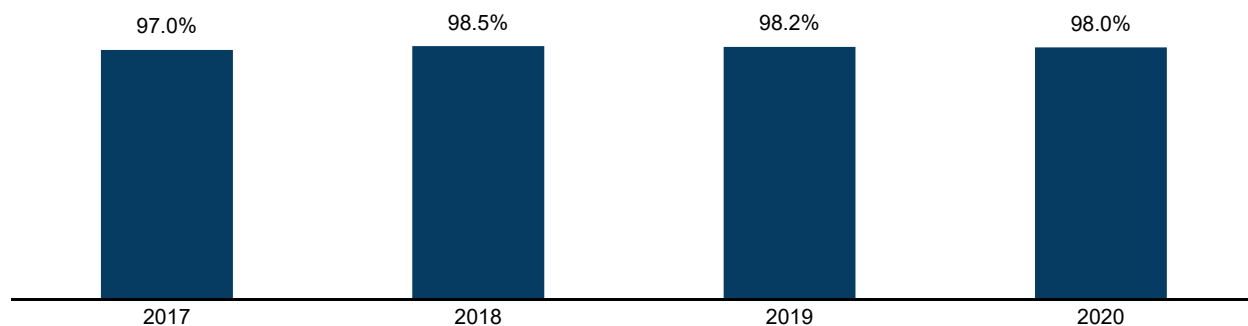
Our management team is among the most experienced in the industry, allowing us to effectively implement our operating model, manage our business and grow relationships with our customers. Our company is led by Robert Tillis (Chairman and CEO), and Jason Tillis (President), who have run the company since acquiring the predecessor in 2007. In addition, we have made several key leadership hires since the Bain acquisition, including a Chief Financial Officer, Chief Human Resources Officer and Chief Accounting Officer, amongst other positions. Christian Dirx joined the Company as CFO in May 2020, bringing deep functional expertise and 18 years of finance and corporate leadership experience, most notably the CFO of Aramark's (NYSE:ARMK) \$5 billion Healthcare, Education, and Business Dining division. Manny Perez, the former CEO of Pool Corp, serves as a Board Member and advisor, bringing more than 25 years of experience in the industry, with expertise in driving scale and operational excellence. During Mr. Perez's leadership of Pool Corp, the company grew its revenue from \$0.5 billion to \$3 billion. Our leadership team has an exceptional track record of managing the business across economic cycles and achieving consistent organic growth.

Our Strategies

Drive Stable Growth by Winning New Customers and by Expanding with Existing Customers Through Excellent Customer Retention and Consistent Expansion of Wallet

We have a long track record of stable above-market growth with a Pro Forma Revenue CAGR of over 25% from 2007 to 2020. In order to continue to drive growth, we are focused on winning new customers and expanding our business with existing customers through customer retention and expansion of wallet. Expansion of wallet is facilitated by our product and service offering with a superior SKU assortment, custom and private label products, equipment and chemical expertise, and superior operations and fulfillment, which have led to an average 98% revenue retention rate from 2017 to 2020.

97%+ Revenue Retention⁽¹⁾⁽²⁾



- (1) Revenue retention defined as % of sales retained from existing customers year-over-year.
 (2) Revenue retention for 2018 is LTM for November 2018.






Following the Bain acquisition in 2019, we identified several operational initiatives, resulting in \$10 million of EBITDA to be realized within a 24-month period. The initiatives related to salesforce realignment (inclusive of CRM roll out), labor efficiency improvements, routing optimization, consolidating footprint into more efficient “super warehouses” and cutting duplicative back office functions.

As of year-end 2019, we increased the total to \$15 million. We have actioned \$9.6 million to date, with the remaining \$5.4 million to be actioned by the third quarter of 2021.

DETAILED ACTION PLAN TO CAPTURE IDENTIFIED COST SAVINGS				
		2 YEAR EBITDA IMPACT (\$ MILLIONS)	ACTIONED TO-DATE (\$ MILLIONS)	TO BE ACTIONED BY Q3 '21
SALESFORCE 	<ul style="list-style-type: none"> Update comp structure for low performing FTEs Salesforce realignment and CRM roll-out 	\$2.0	\$4.0	\$0.0
4-WALLS OPERATIONAL IMPROVEMENTS 	<ul style="list-style-type: none"> Implement WMS, improve labor efficiency and reduce overtime 	\$2.0	\$0.3	\$0.7
ROUTING 	<ul style="list-style-type: none"> Increase driver efficiency and route optimization 	\$2.0	\$0.3	\$0.7
FOOTPRINT 	<ul style="list-style-type: none"> Combine warehouses into more efficient “super-warehouses” 	\$3.0	\$2.0	\$1.0
BACK-OFFICE 	<ul style="list-style-type: none"> Increased efficiency from centralized functions, establish centers of excellence, cut duplicative FTEs 	\$6.0	\$3.0	\$3.0
TOTAL		\$15.0	\$9.6	\$5.4

The investments in our management team, technology and operations infrastructure have resulted in successful execution of the identified savings to date, and set the roadmap for the future. Since identifying the first tranche of \$15 million, not only have we acquired 12 businesses which represent \$723 million of revenue, \$66 million of Management Pro Forma Adjusted EBITDA and 36 locations, but we also have opened and ramped 3 supersites which both combined make the pool of addressable business significantly larger. As a result, at the end of

2020, we established a detailed action plan to capture an additional \$18 million of EBITDA through newly identified operational cost savings, which we expect to be realized within a 24-month period.

INCREMENTAL \$18M OF NEWLY IDENTIFIED OPERATIONAL COST SAVINGS INITIATIVES		
		REFRESHED OPEX AMT (\$ MILLIONS)
<div>SALESFORCE</div> 	➔	\$2.0
<div>4-WALLS OPERATIONAL IMPROVEMENTS</div> 	➔	\$4.0
<div>ROUTING</div> 	➔	\$3.0
<div>FOOTPRINT</div> 	➔	\$5.0
<div>BACK-OFFICE</div> 	➔	\$4.0
TOTAL		\$18.0

Consolidator of Choice in a Highly Fragmented Industry

As the consolidator of choice in a highly fragmented industry composed primarily of small, family-owned local players, we have had the opportunity to consolidate the market and gain market share through accretive M&A. Additionally, significant whitespace exists in attractive geographies which presents promising expansion opportunities.

We have a demonstrated track record of achieving growth through successful M&A, integration and synergy realization, closing 34 acquisitions since 2007. We have closed 17 acquisitions since the beginning of 2019 (including 5 in the fourth quarter of 2020, 1 in the first quarter of 2021 and 1 in the second quarter of 2021), representing approximately \$907 million of revenue and approximately \$86 million of Management Pro Forma Adjusted EBITDA, respectively. Our recent strategic acquisitions have continued to expand our national scale and facilitate entry into new strategic markets.

We maintain a pipeline of over 300 active M&A targets, several which are actionable in the near-term.

Leverage Sophisticated IT Infrastructure that Allows for Effective, Data-Driven Management and is Scalable to Support Future Acquisitions and Growth

We utilize a sophisticated IT infrastructure that allows for effective, data-driven management and is scalable to support future acquisitions and growth. We initially implemented our proprietary S2K ERP system in 2013, which has scaled over time in sophistication and reach as the business has grown. We have hired and invested in two dedicated integration teams who are devoted to integrating acquisitions onto our S2K ERP.

Recent Developments

Developments Relating to Impact of COVID-19

While we were well prepared and took proactive measures, the COVID-19 pandemic presented and continues to present industry-wide challenges, including increased quarantine times and significant HR constraints. Despite these challenges, we have continued to operate safely and efficiently and provide PPE, regular deep cleaning of facilities, and temperature checks for all employees. Moreover, our contingency plans including leased incremental office space to bring employees back in a safe workspace, have been successful in a challenging, dynamic environment.

In terms of impact to our business performance and industry, COVID-19 has resulted in a shift in product sales mix towards Jan-San. Overall we have seen the impact to our end markets largely offset, as grocery and healthcare have offset softness in restaurants and hospitality. We expect demand for Jan-San and PPE products to subside after COVID-19, although it is expected to normalize at a level higher than pre-pandemic levels. We expect demand for FSP products to increase as end markets like hospitality, cruise and foodservice accelerate out of historically depressed levels by the end of the year. As such, our product and end market mix provides a natural hedge against continued uncertainty and potential wide range of near-term outcomes. Furthermore, we continue to implement efficiency measures and increase the variability of our cost base.

Preliminary Financial Information

The information below summarizes certain of our preliminary financial data for the period ended February 28, 2021, for which consolidated financial statements are not available. The first quarter of 2021 is not complete, and our actual results for such period will be subject to the completion of our quarter-end closing process, which includes review by management and our board of directors. While carrying out such procedures, we may identify items that require us to make adjustments to the preliminary financial information set forth below. Our independent registered public accounting firm, Ernst & Young LLP, has also not audited, reviewed, compiled or performed any procedures on this preliminary financial information, and accordingly, does not express an opinion or other form of assurance with respect to this preliminary financial information. There can be no assurance that our final results will not differ from this preliminary financial information. Any such changes could be material. Therefore, you should not place undue reliance on these preliminary numbers or assume that they are indicative of what our results for the completed quarter will be.

	January 1 - February 28, 2021	Twelve-Months Ended February 28, 2021
<i>(dollars in thousands)</i>		
Net product sales (GAAP).....	333,751	1,984,291
Net product sales from 2018 acquisitions.....	—	—
Net product sales from 2019 acquisitions.....	—	—
Net product sales from 2020 acquisitions.....	—	227,305
Pro Forma Revenue⁽¹⁾	333,751	2,211,596
Pre-acquisition results of acquisitions closed by April 12, 2021 ⁽²⁾	22,845	133,865
Pre-acquisition results of acquisitions under LOI ⁽³⁾	5,674	38,582
Management Pro Forma Net Revenue⁽¹⁾	362,270	2,384,043
Net Income (loss)	(9,756)	(21,663)
Interest expense.....	13,549	75,767
Income tax expense (benefit)	(44)	(7,568)
Depreciation and amortization	13,238	71,931
EBITDA⁽¹⁾	16,986	118,467
Sale process costs.....	—	—
Loss on early extinguishment of debt.....	—	—
Equity-based compensation.....	—	1,811
Acquisition expenses.....	335	6,146
Sponsor fees	834	4,965

	January 1 - February 28, 2021	Twelve-Months Ended February 28, 2021
<i>(dollars in thousands)</i>		
Other non-recurring costs	3,239	6,483
Severance	—	404
Facility Consolidation Costs	—	8,908
COVID-19 expenses	1,386	11,207
Adjusted EBITDA⁽¹⁾	22,781	158,391
Pre-acquisition results for historical acquisitions	—	29,014
COVID-19 RIF pro forma savings	—	1,664
Operational cost savings	3,900	26,686
Pre-acquisition results of acquisitions closed by April 12, 2021	1,842	11,053
Pre-acquisition results of acquisitions under LOI	433	2,600
Management Pro Forma Adjusted EBITDA⁽¹⁾	28,957	229,408

(1) Pro Forma Revenue, Management Pro Forma Revenue, EBITDA, Adjusted EBITDA and Management Pro Forma Adjusted EBITDA are non-GAAP financial measures. See “Non-GAAP Financial Measures” for how these measures are defined and used by the Company.

(2) Represents the expected net product sales contribution of acquisitions based on quality of earnings assessments that closed by April 12, 2021.

(3) Represents the expected net product sales contribution of two acquisitions under LOI based on a quality of earnings assessment that are expected to close prior to June 30, 2021. No assurance can be given that these acquisitions will close.

Developments Relating to Senior Secured Credit Facilities

Asset-Based Revolving Credit Facility Upsize

On July 21, 2020, we amended, our ABL credit agreement dated as of June 11, 2019. After giving effect to ABL Amendment No. 1, the aggregate amount of Revolving Commitments is \$245 million (increased from \$175 million). Additional revolver capacity allows for additional funding of working capital and general corporate purposes (including acquisitions under an LOI, which were not expressly prohibited by the existing first lien credit agreement).

Incremental First Lien Term Loan Transaction

On December 15, 2020, we closed and funded the Incremental First Lien Term Loan in an aggregate principal amount of \$180 million. As a new non-fungible tranche, the Incremental First Lien Term Loan constitutes a separate class of term loan from the initial term loan under the Term Loan Credit Agreement. The Incremental First Lien Term loan will mature on June 11, 2026, which is the same date as the initial term loan maturity date, and will amortize in equal quarterly installments in an aggregate annual amount equal to 1.00% of its original principal amount (subject to reduction in connection with debt prepayments and debt buy-backs), commencing the fiscal quarter ending June 30, 2021, with the balance payable on the final maturity date.

The use of proceeds involved (a) repayment of certain amounts outstanding under the ABL Credit Agreement, (b) working capital and general corporate purposes (including acquisitions under a LOI, which were not expressly prohibited by the Term Loan Credit Agreement) and (c) transaction fees and expenses incurred in connection with the incurrence of the Incremental First Lien Term Loan.

Recent Strategic Acquisitions

Our recent strategic acquisitions have continued to drive growth and expansion into new markets. We successfully closed 7 strategic acquisitions in fiscal year 2020, contributing \$449 million in 2020 Pro Forma Revenue, 5 of which closed in the fourth quarter of 2020, expanding our national scale and facilitating entry into new strategic markets. In 2021, we announced the acquisitions of Cosgrove Enterprises, Inc., which closed in March, and Dalco Enterprises which closed in April. In addition, we have 2 acquisition targets under a LOI, which are on track to close by the end of the second quarter in 2021.

Our Sponsor

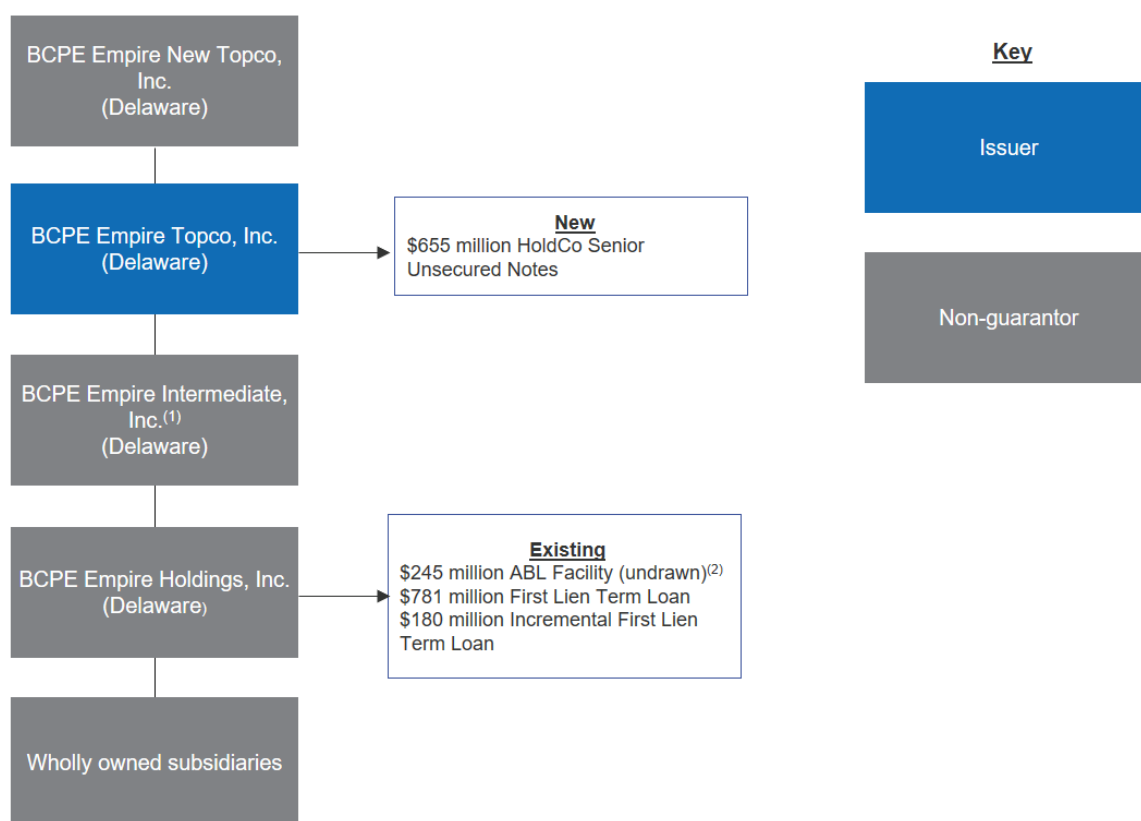
Established in 1984, Bain Capital is one of the world's leading private investment firms with approximately \$120 billion in Assets Under Management. Bain has a team of approximately 1,200 employees dedicated to creating value through private equity, public equity, fixed income, credit, venture capital and real estate investments across multiple sectors, industries, and geographies.

The North American Private Equity investment team is based in Boston and New York and is currently investing out of its 12th fund. With its consulting heritage at the core of its strategy, Bain Capital partners with management teams to improve operations and build industry-leading companies with enduring value.

Bain has a long history of investing in the services and distribution space including Dealer Tire, Diversey, HD Supply MSX International, Veritiv and US LBM.

Corporate Structure

The following chart summarizes our organizational structure after giving effect to the consummation of the Transactions. This chart is for illustrative purposes only and does not represent all legal entities of the Company or all obligations of such entities. See “—The Offering,” “Description of the Notes,” and “Description of Existing Indebtedness” for more information regarding the terms of the notes offered hereby and our other indebtedness following the consummation of the Transactions.



- (1) BCPE Empire Intermediate, Inc. is a guarantor under our Senior Secured Credit Facilities but will not guarantee the notes offered hereby.
- (2) On the closing date of this offering, we expect our \$245.0 million ABL Facility to be undrawn (excluding \$14.5 million of letters of credit expected to be issued thereunder) but due to monthly working capital requirements and other factors, available borrowing capacity under our ABL Facility is expected to be less than \$245.0 million.

Corporate Information

Our principal executive offices are located at 255 Route 1 & 9, Jersey City, New Jersey 07306. Our telephone number is (201) 437-7440.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes” section of this offering memorandum contains a more detailed description of the terms and conditions of the notes.

Issuer	BCPE Empire Topco, Inc.
Notes Offered	\$655,000,000 aggregate principal amount of % senior notes due 2027.
Maturity Date	The notes will mature on , 2027.
Interest	Interest on the notes will accrue at a rate of % per annum. Interest on the notes will accrue from , 2021 and will be payable semi-annually in cash in arrears on and of each year, commencing 2021.
Guarantees	The Issuer’s obligations under the notes will not be guaranteed.
Ranking	<p>The notes will be the Issuer’s senior unsecured obligations and will:</p> <ul style="list-style-type: none"> • rank senior in right of payment to all of the Issuer’s future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the notes; • rank equally in right of payment with all of the Issuer’s future senior indebtedness; • be effectively subordinated to any of Issuer’s existing and future secured debt, to the extent of the value of the assets securing such debt; and • be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of the Issuer’s subsidiaries, including the Senior Secured Credit Facilities.
Optional Redemption	<p>The notes will be redeemable, in whole or in part, at any time prior to , 2023 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a “make-whole” premium. We may redeem up to 40% of the notes prior to , 2022 with the net cash proceeds from certain equity offerings. In addition, at any time from , 2022 to , 2024, the issuer may also redeem up to 100% of the notes upon a change of control or using the proceeds of certain equity offerings, at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after , 2023, we may redeem some or all of the notes at a redemption price that will decrease over time as set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See “Description of the Notes—Optional Redemption.”</p>
Change of Control	If the Issuer experiences certain kinds of changes of control, the Issuer must offer to purchase the notes at 101% of their principal amount, plus

accrued and unpaid interest, if any, in cash, to, but excluding, the purchase date. For more details, see the section “Description of the Notes—Change of Control.”

**Mandatory Offer to Repurchase
Following Certain Asset Sales...**

If the Issuer sells certain assets and does not repay certain debt or reinvest the proceeds of such sales within certain time periods, the Issuer must offer to repurchase the notes with the proceeds of such asset sales as described under “Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.”

Certain Covenants.....

The indenture governing the notes will contain covenants that limit, among other things, the Issuer’s ability and the ability of some of the Issuer’s subsidiaries to:

- incur additional indebtedness or guarantee indebtedness;
- declare or pay dividends, redeem stock or make other distributions to stockholders;
- make investments;
- create liens or use assets as security in other transactions;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of the Issuer’s assets;
- enter into transactions with affiliates; and
- sell or transfer certain assets.

These covenants are subject to a number of important qualifications and limitations. See “Description of the Notes—Certain Covenants.”

Certain of these covenants will not apply to the notes while the notes have investment grade ratings from any two of Standard & Poor’s Rating Services (“Standard & Poor’s”), Moody’s Investor Service, Inc. (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”) and no default or event of default has occurred and is continuing under the indenture. See “Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.”

Transfer Restrictions

The notes have not been and will not be registered under the Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Issuer does not intend to list the notes on any securities exchange. See “Transfer Restrictions.”

**Absence of an Established Market
for the Notes.....**

The notes will be a new class of securities for which there is currently no market. The Issuer cannot assure you that an active trading market for the notes will develop and continue after this offering. Although certain of the initial purchasers have informed the Issuer that they intend to make a market in the notes, the initial purchasers are not obligated to do so, and may discontinue market-making activities at any time without

notice. The Issuer does not intend to apply for listing of the notes on any securities exchange. Accordingly, the Issuer cannot assure you as to the liquidity of, or the trading market for, the notes. See “Plan of Distribution.”

Use of Proceeds We will use the net proceeds from this offering, (i) to repay in full all outstanding indebtedness under the Second Lien Term Loan, (ii) to repay \$30 million of indebtedness under the ABL Facility that is expected to be incurred prior to or substantially concurrently with the consummation of this offering, (iii) to pay a dividend to our stockholders and (iv) to pay fees and expenses as incurred in connection with the Transactions. See “Use of Proceeds.”

Certain of the initial purchasers or their affiliates may be lenders under the Second Lien Term Loan and the ABL Facility and will receive a pro rata portion of the net proceeds from this offering used to repay such indebtedness. See “Plan of Distribution.” This offering memorandum shall not constitute a notice of repayment with respect to the Second Lien Term Loan or the ABL Facility and any repayment of the Second Lien Term Loan or the ABL Facility will be made in accordance with the terms and conditions of the credit agreement governing the Second Lien Term Loan and the ABL Facility.

Denominations The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Trustee Wilmington Trust, National Association.

Governing Law The notes and the indenture under which they will be issued will be governed by the laws of the State of New York.

Risk Factors An investment in the notes involves a high degree of risk. You should carefully consider all of the information included in this offering memorandum before investing in the notes. In particular, you should evaluate the specific risks described in the section entitled “Risk Factors” in this offering memorandum for a discussion of certain risks relating to an investment in the notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our summary historical consolidated financial information as of and for the periods indicated. The summary historical consolidated financial information for the year ended December 31, 2020 and for the period from January 1, 2019 through June 10, 2019 (Predecessor), for the period from June 11, 2019 through December 31, 2019 (Successor) and for the year ended December 31, 2018 (Predecessor) have been derived from the Company's audited consolidated financial statements included elsewhere in this offering memorandum. The summary historical consolidated financial data for the combined year ended December 31, 2019, which does not comply with GAAP but which we believe provides investors with useful information to assess our performance, was calculated by combining the period from January 1, 2019 to June 10, 2019 (Predecessor) with the period from June 11, 2019 to December 31, 2019 (Successor).

Historical results are not necessarily indicative of the results that may be expected for any future period, including any full-year period. The summary historical consolidated financial data are qualified in their entirety by, and should be read in conjunction with our audited consolidated financial statements and related notes and "Presentation of Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this offering memorandum.

	Successor	Combined	Successor	Predecessor	Predecessor
	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from June 11 to December 31, 2019	Period from January 1 to June 10, 2019	Year Ended December 31, 2018
<i>(dollars in thousands)</i>	(audited)	(unaudited)	(audited)	(audited)	(audited)
Consolidated Statement of Operations Data:					
Net product sales	\$ 1,974,403	\$ 1,736,267	\$ 1,022,197	\$ 714,070	\$ 1,472,814
Other revenue	1,690	1,616	672	944	1,491
Total revenues.....	1,976,093	1,737,883	1,022,869	715,014	1,474,305
Cost of goods sold	1,428,170	1,272,873	752,483	520,390	1,083,173
Selling, general, and administrative expense	440,089	432,574	241,461	191,113	316,059
Depreciation and amortization	71,409	57,514	33,353	24,161	51,644
Total operating expenses.....	1,939,668	1,762,961	1,027,297	735,664	1,450,876
(Loss) income from operations.....	36,425	(25,078)	(4,428)	(20,650)	23,429
Income from equity method investments	1,053	1,085	804	281	644
Loss on extinguishment of debt.....	—	(11,243)	—	(11,243)	—
Interest expense, net	(75,668)	(71,126)	(45,034)	(26,092)	(53,483)
Loss before income taxes.....	(38,190)	(106,362)	(48,658)	(57,704)	(29,410)
Income tax benefit	7,434	10,458	10,294	164	187
Net loss.....	\$ (30,756)	\$ (95,904)	\$ (38,364)	\$ (57,540)	\$ (29,223)
Other comprehensive loss:					
Change in unrecognized (loss) gain on interest rate swaps, net of tax benefit of \$3,113, \$0 and \$0.....	(8,930)	—	—	—	—
Net comprehensive loss	\$ (39,686)	\$ (95,904)	\$ (38,364)	\$ (57,540)	\$ (29,223)
Consolidated Balance Sheets Data:					
Cash and cash equivalents	\$ 56,344		\$ 10,039		\$ 11,423
Total assets.....	2,154,505		1,824,800		826,397
Total liabilities	1,565,286		1,222,991		774,337

	Successor	Combined	Successor	Predecessor	Predecessor
	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from June 11 to December 31, 2019	Period from January 1 to June 10, 2019	Year Ended December 31, 2018
(dollars in thousands)	(audited)	(unaudited)	(audited)	(audited)	(audited)
Total stockholders' equity.....	\$ 589,219		\$ 601,809		\$ 52,060
Other Financial Data:					
Net cash provided by (used in) operating activities	\$ 21,925	\$ (1,858)	\$ (14,061)	\$ 12,203	\$ 16,489
Net cash used in investing activities.....	(288,535)	(1,398,514)	(1,341,672)	(56,842)	(63,514)
Net cash provided by financial activities ..	312,914	1,413,846	1,365,772	48,074	48,141
EBITDA ⁽¹⁾	108,887	22,278	29,729	(7,451)	75,717
Adjusted EBITDA ⁽¹⁾	149,807	111,039	57,052	53,987	94,698
Management Pro Forma Adjusted EBITDA ⁽¹⁾	227,852	\$ 150,267	\$ 82,648	\$ 67,619	\$ 97,477
Free Cash Flow ⁽¹⁾	224,401	147,073	80,837	66,236	93,870
Free Cash Flow Conversion ⁽¹⁾	98.5%	97.9%	97.8%	98.0%	96.3%
Pro Forma Revenue ⁽²⁾	2,259,368	1,894,901	1,114,610	780,292	1,514,659
Management Pro Forma Revenue ⁽²⁾	2,432,275	1,894,901	1,114,610	780,292	1,514,659
As Adjusted Total Debt ⁽³⁾	\$ 1,609,978				

- (1) In addition to our results under GAAP, we also present EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Free Cash Flow and Free Cash Flow Conversion, which are non-GAAP financial measures and have been presented in this offering memorandum as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We calculate EBITDA as net income (loss) excluding interest expense, income taxes and depreciation and amortization expenses. We calculate Adjusted EBITDA as EBITDA as further adjusted to exclude items such as sales process costs, loss on early extinguishment of debt, acquisition expenses, sponsor fees, severance, facility consolidation costs, and COVID-19 expenses. We calculate Management Pro Forma Adjusted EBITDA as Adjusted EBITDA as further adjusted to include items such as pre-acquisition results of acquisitions in the year presented and those under a LOI, certain costs savings expected to be achieved related to these acquisitions, as well as savings from identified operational initiatives. We calculate Free Cash Flow as Management Pro Forma Adjusted EBITDA as further adjusted to exclude maintenance capital expenditures. We calculate Free Cash Flow Conversion as Free Cash Flow as a percentage of Management Pro Forma Adjusted EBITDA. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Free Cash Flow and Free Cash Flow Conversion should not be considered as an alternative to net income (loss), operating income (loss) or any other performance measures derived in accordance with GAAP as measures of operating performance. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Free Cash Flow, and Free Cash Flow Conversion are not necessarily comparable to similarly titled measures presented by other companies.

We believe that these measures are useful financial metrics to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. We use these measures for business planning purposes and in measuring our performance relative to that of our competitors. EBITDA, Adjusted EBITDA, Management Pro Forma Adjusted EBITDA, Free Cash Flow and Free Cash Flow Conversion have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. See "Non-GAAP Financial Measures" for further information. The following table reconciles net income (loss) to EBITDA to Adjusted EBITDA to Management Pro Forma Adjusted EBITDA to Free Cash Flow and Free Cash Flow Conversion for the periods presented:

	Successor	Combined	Successor	Predecessor	Predecessor
	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from June 11, 2019 to December 31, 2019	Period from January 1, 2019 to June 10, 2019	Year Ended December 31, 2018
(dollars in thousands)					
Net Income (loss)	\$ (30,756)	\$ (95,904)	\$ (38,364)	\$ (57,540)	\$ (29,223)
Interest expense	75,668	71,126	45,034	26,092	53,483
Income tax expense (benefit)	(7,434)	(10,458)	(10,294)	(164)	(187)
Depreciation and amortization	71,409	57,514	33,353	24,161	51,644
EBITDA	\$ 108,887	\$ 22,278	\$ 29,729	\$ (7,451)	\$ 75,717
Sale process costs ^(a)	—	50,551	12,772	37,779	—
Loss on early extinguishment of debt ^(b)	—	11,243	—	11,243	—

	Successor	Combined	Successor	Predecessor	Predecessor
	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from June 11, 2019 to December 31, 2019	Period from January 1, 2019 to June 10, 2019	Year Ended December 31, 2018
<i>(dollars in thousands)</i>					
Equity-based compensation ^(c)	2,173	1,021	1,021	—	—
Acquisition expenses ^(d)	8,974	2,747	793	1,954	2,709
Sponsor fees ^(e)	4,865	4,756	2,970	1,786	3,078
Other non-recurring costs ^(f)	3,322	3,503	1,498	2,005	7,693
Severance ^(g)	840	1,931	(8)	1,939	1,513
Facility consolidation costs ^(h)	10,925	13,009	8,277	4,732	3,988
COVID-19 expenses ⁽ⁱ⁾	9,821	—	—	—	—
Adjusted EBITDA	\$ 149,807	\$ 111,039	\$ 57,052	\$ 53,987	\$ 94,698
Pre-acquisition results for historical acquisitions ^(j)	34,356	24,228	10,596	13,632	2,779
COVID-19 RIF pro forma savings ^(k)	1,750	—	—	—	—
Operational cost savings ^(l)	28,286	15,000	15,000	—	—
Pre-acquisition results of acquisitions closed by April 12, 2021 ^(m)	11,053	—	—	—	—
Pre-acquisition results of acquisitions under LOI ⁽ⁿ⁾	2,600	—	—	—	—
Management Pro Forma Adjusted EBITDA	\$ 227,852	\$ 150,267	\$ 82,648	\$ 67,619	\$ 97,477
Maintenance capital expenditures	(3,451)	(3,194)	(1,811)	(1,383)	(3,607)
Free Cash Flow	\$ 224,401	\$ 147,073	\$ 80,837	\$ 66,236	\$ 93,870
Free Cash Flow Conversion	98.5%	97.9%	97.8%	98.0%	96.3%

(a) Represents transaction expenses related to the Acquisition including fees to financial advisors, accountants, attorneys and other professionals.

(b) Represents a loss on the early extinguishment of debt as part of the Acquisition.

(c) Represents non-cash charges related to equity-based awards.

(d) Represents transaction expenses related to close and contemplated add-on acquisitions, including fees to financial advisors, accountants, attorneys and other professionals.

(e) Represents management fees and reimbursed out-of-pocket expenses paid to the Sponsor under the Advisory Services Agreement.

(f) Represents third-party consulting services that are not expected to be incurred on an ongoing basis.

(g) Represents severance for senior management positions.

(h) Represents temporary inefficiencies at major sites from consolidation transitions that are not expected to continue going forward and costs incurred during the process of consolidating the Company's acquired footprint including elimination of redundant costs.

(i) Represents one-time expenses related to COVID-19, including appreciation bonuses, employee severance, payout of accrued vacation time, one-time bad debt provisions, PPE purchases and other COVID-19 related employee expenses.

(j) Represents pre-acquisition results of any acquisitions closed to date. The results are presented as if these acquisitions had been included as of the beginning of the respective close year, including any assumed synergies identified by the Company.

(k) Represents an adjustment for the run-rate impact of reductions in force actioned in the year ended December 31, 2020.

(l) Represents the Company's expected cost savings from execution of discrete operational initiatives, including salesforce productivity, pricing and procurement efficiency, warehouse and routing optimization, footprint consolidation and ERP implementation.

(m) Represents the expected Adjusted EBITDA contribution of acquisitions based on quality of earnings assessments that closed by April 12, 2021.

(n) Represents the expected Adjusted EBITDA contribution of two acquisitions under LOI based on a quality of earnings assessment that are expected to close prior to June 30, 2021. No assurance can be given that these acquisitions will close.

- (2) Pro Forma Revenue and Management Pro Forma Revenue are non-GAAP financial measures and are not intended to replace financial performance measures determined in accordance with GAAP, such as net product sales or income (loss) income from operations. Rather, we present Pro Forma Revenue and Management Pro Forma Revenue as supplemental measures of our performance. We define Pro Forma Revenue as net product sales including the impact of acquisitions as if the acquisition had been completed on January 1st of the presented year. We define Management Pro Forma Revenue as Pro Forma Revenue as further adjusted to include pre-acquisition net product sales of acquisitions closed in the year presented and those under an LOI. As non-GAAP financial measures, our computation of our Pro Forma Revenue and Management Pro Forma Revenue may vary from similarly termed non-GAAP financial measures used by other companies, making comparisons with other companies on the basis of this measure impracticable.

Management believes our computation of our Pro Forma Revenue and Management Pro Forma is helpful in highlighting trends in our legacy operating performance. We use our Pro Forma Revenue and Management Pro Forma to assess operating performance and make business decisions.

Given our determination of adjustments in arriving at our computation of Pro Forma Revenue and Management Pro Forma, these non-GAAP measures have limitations as an analytical tool and should not be considered in isolation or as a substitute or alternative to net income or loss, revenue, operating income or loss, cash flows from operating activities, total indebtedness or any other financial measures calculated in accordance with GAAP.

The following table reconciles net product sales, the most comparable non-GAAP measure to Pro Forma Revenue and Management Pro Forma Revenue:

	Successor	Combined	Successor	Predecessor	Predecessor
	Year Ended December 31, 2020	Year Ended December 31, 2019	Period from June 11, 2019 to December 31, 2019	Period from January 1, 2019 to June 10, 2019	Year Ended December 31, 2018
(dollars in thousands)					
Net product sales	\$ 1,974,403	\$ 1,736,267	\$ 1,022,197	\$ 714,070	\$ 1,472,814
Net product sales from 2018 acquisitions					41,845
Net product sales from 2019 acquisitions		158,634	92,413	66,222	
Net product sales from 2020 acquisitions	284,965				
Pro Forma Revenue	\$ 2,259,368	\$ 1,894,901	\$ 1,114,610	\$ 780,292	\$ 1,514,659
Pre-acquisition results of acquisitions closed by April 12, 2021 ^(a)	133,944				
Pre-acquisition results of acquisitions under LOI ^(b)	38,963				
Management Pro Forma Revenue.....	\$ 2,432,275	\$ 1,894,901	\$ 1,114,610	\$ 780,282	\$ 1,514,659

(a) Represents the expected net product sales contribution of acquisitions based on quality of earnings assessments that closed by April 12, 2021.

(b) Represents the expected net product sales contribution of two acquisitions under LOI based on a quality of earnings assessment that are expected to close prior to June 30, 2021. No assurance can be given that these acquisitions will close.

(3) As adjusted total debt represents our total debt which has been adjusted to give effect to the Transactions as described in "Use of Proceeds." See "Capitalization."

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the risks described below and all of the information included in this offering memorandum before deciding whether to purchase the notes. Any of the following risks may materially and adversely affect our business, results of operations and financial condition. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business, results of operations and financial condition. In such a case, you may lose all or part of your original investment. The risks discussed below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See “Cautionary Statement Regarding Forward-Looking Statements” in this offering memorandum.

Risks Related to Our Business

The COVID-19 pandemic may adversely affect our financial performance.

The outbreak of COVID-19 has been declared a pandemic by the World Health Organization and continues to spread in the United States, Canada, and in many other countries globally. Related government and private sector responsive actions have adversely affected, and may continue to adversely affect, our business operations. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic, as the situation is rapidly evolving and variant strains of the virus have led to increased uncertainty. The COVID-19 pandemic has disrupted the global supply chain, affected consumer preferences and the demand for our products and may also cause disruptions to our operations if a significant number of employees are quarantined or if they are otherwise limited in their ability to work at our locations or travel. In addition, certain of our customers continue to have limitations on their ability to conduct their business and pay for products previously purchased. As a result, in 2020 we increased our allowance for doubtful accounts by \$3.8 million related to these specific customers. Any worsening of the COVID-19 pandemic, including the unknown potential impact of variant strains, and any future actions in response to the COVID-19 pandemic by federal, state or local authorities, including those that order the shutdown of non-essential businesses or limit the ability of our employees to travel to work, could impact our ability to take or fulfill our customers’ orders and operate our business.

As a result of the COVID-19 pandemic, certain of our personnel are working remotely, and it is possible that this could have a negative impact on the execution of our business plans and operations. The increase in remote working may also result in consumer privacy, IT security and fraud concerns, as well as an increase in our exposure to potential wage and hour issues.

Further, as a result of COVID-19, the operations of our distribution centers may be substantially disrupted by additional federal or state mandates ordering shutdowns of non-essential services or by the inability of our employees to travel to work. Our plans to open new distribution centers or to expand the capacity of our existing distribution centers over the next few years may also be delayed or become more costly as a result of the continuing spread of COVID-19 and its variant strains. Disruptions to the operations of our distribution centers and delays or increased costs in the expansion of our distribution center capacity may negatively impact our financial performance and slow our future growth.

The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the United States and to other areas of the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending. The duration of the pandemic itself and the market and workplace disruptions it has caused, including disruptions imposed by federal, state and local actions, as well as the potential for new government regulations, and the long-term effects on the economy and our customers are uncertain and as yet unknowable. These factors, as they become more certain, could adversely affect our workforce, sales and overall business. The full extent of the COVID-19 pandemic’s impact on our operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets and any new information that may emerge concerning the severity of the virus, its spread to other regions as well as the actions taken to contain it, among others. The COVID-19 pandemic could adversely affect our business operations, costs of doing business, availability of labor, access to inventory, supply chain operations and financial results for a period of time that is currently unknown.

Competition in our industry may adversely impact our margins and our ability to retain customers and make it difficult to maintain our market share and profitability.

The business-to-business distribution industry is highly competitive, with numerous regional and local competitors, and is a mature industry characterized by slowing revenue growth. Our competitors include national, regional and local distributors, specialty distributors, national and regional manufacturers, and other merchants and brokers. Most of these competitors generally offer a wide range of services at prices comparable to those we offer. Additionally, new competition could arise from non-traditional sources, group purchasing organizations, e-commerce, discount wholesalers or consolidation among competitors. New competitive sources may result in increased focus on pricing and on limiting price increases, or may require increased discounting. Such competition may result in margin erosion or make it difficult to attract and retain customers.

Increased competition within the industry, reduced demand for paper products (including as a result of COVID-19) and general economic conditions have served to further increase pressure on the industry's profit margins, and continued margin pressure within the industry may have a material adverse impact on our operating results and profitability. If existing or future competitors seek to gain or retain market share by reducing prices, we may be required to lower prices, which would hurt our results of operations.

Risks associated with our acquisition practice could adversely affect our consolidated results of operations.

Historically, a portion of our growth has come from strategic acquisitions. We continue to evaluate opportunities for acquiring businesses that may supplement our internal growth. However, there can be no assurance that we will be able to locate and purchase suitable acquisitions. At any given time, we may be evaluating one or more acquisitions or engaging in acquisition negotiations. We cannot be sure that we will be able to continue to identify acquisition candidates or joint venture partners on commercially reasonable terms or at all.

In addition, the success of any acquisition, including the ability to realize anticipated cost synergies, depends in part on our ability to integrate the acquired company. The process of integrating acquired businesses may involve unforeseen operating, contract and supply chain difficulties, such as the failure to retain existing clients or attract new clients, maintain relationships with suppliers and other contractual parties, or retain and integrate acquired personnel and may require a disproportionate amount of our management's attention and our financial and other resources. If management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, we may not be able to realize anticipated cost synergies resulting from acquisitions and our business could suffer. In addition, cost savings that we expect to achieve, for example, from the elimination of duplicative expenses and the realization of economies of scale or synergies, may take longer than expected to realize or may ultimately be smaller than we expect. Likewise, we cannot be sure we will be able to obtain necessary financing for acquisitions. Such financing could be restricted by the terms of our debt agreements or it could be more expensive than our current debt. The amount of such debt financing for acquisitions could be significant and the terms of such debt instruments could be more restrictive than our current covenants.

Although we conduct due diligence investigations prior to each acquisition, there can be no assurance that we will discover or adequately protect against all material liabilities of an acquired business for which we may be responsible as a successor owner or operator. The failure to identify suitable acquisitions and successfully integrate these acquired businesses, or to discover liabilities associated with such businesses in the diligence process, could adversely affect our consolidated results of operations.

Possible future acquisitions could also result in additional contingent liabilities and amortization expenses related to intangible assets being incurred, which could have a material adverse effect on our business, financial condition or results of operations. In addition, goodwill and other intangible assets resulting from business combinations represent a significant portion of our assets. If goodwill or other intangible assets were deemed to be impaired, we would need to take a charge to earnings to write down these assets to their fair value.

At any time we may have outstanding indemnification escrows supporting seller obligations in connection with our prior acquisitions. These amounts can range from \$0 to \$8,250,000. Currently, no indemnification claims have been made or are currently expected to be made against us under any acquisition agreement. Under certain

acquisition agreements, we may be subject to working capital adjustments, earn-out obligations or holdback amounts for certain post-closing expenses.

An inability to open new, cost effective distribution centers may adversely affect our expansion efforts.

We plan to expand our presence in existing markets and enter new markets. The opening of new distribution centers is necessary to gain the capacity required for this expansion. Our ability to open new distribution centers depends on our ability to identify attractive locations, negotiate leases or real estate purchase agreements on acceptable terms, identify and obtain adequate utility and water sources and comply with environmental regulations, zoning laws and other similar factors. Any inability to effectively identify and manage these items may adversely affect our expansion efforts, and, consequently, adversely affect our financial performance.

The loss of any of our significant customers could adversely affect our financial condition.

Our success depends on our ability to retain our current clients, renew our existing client contracts and obtain new business on commercially favorable terms. Our ability to do so generally depends on a variety of factors, including the quality, price and responsiveness of our services, as well as our ability to market these services effectively and differentiate ourselves from our competitors. We currently operate on a purchase-order-only basis with the majority of our customers and suppliers. When we renew existing client contracts, it is often on terms that are less favorable or less profitable for us than the initial contract terms. There can be no assurance that we will be able to obtain new business, renew existing client contracts at the same or higher levels of pricing or that our current clients will not turn to competitors, cease operations, elect to self-operate or terminate contracts with us. These risks may be exacerbated by the current COVID-19 pandemic due to, among other things, increased cost pressure at our clients and heightened competition in a contracted marketplace.

Our ten largest customers generated approximately 17% of our consolidated total sales for the year ended December 31, 2020. We cannot guarantee that we will maintain or improve our relationships with these customers or that we will continue to supply these customers at historic levels.

Generally, our customers are not contractually required to purchase any minimum amount of products. Should such customers purchase products sold by us in significantly lower quantities than they have in the past, such decreased purchases could have a material adverse effect on our financial condition, operating results and cash flows.

In addition, consolidation among customers could also result in changes to the purchasing habits and volumes among some of our present customers. The loss of one or more of these significant customers, a significant customer's decision to purchase our products and services in substantially lower quantities than they have in the past, or a deterioration in the relationship with any of these customers could adversely affect our financial condition, operating results and cash flows.

We may be adversely affected if clients reduce their outsourcing or use of preferred vendors.

Our business and growth strategies depend in large part on the continuation of a current trend toward outsourcing services. Clients will outsource if they perceive that outsourcing may provide quality services at a lower overall cost and permit them to focus on their core business activities. We cannot be certain this trend will continue or not be reversed or that clients that have outsourced functions will not decide to perform these functions themselves.

In addition, labor unions representing employees of some of our current and prospective clients have occasionally opposed the outsourcing trend as they believed that current union jobs for their memberships might be lost. In these cases, unions typically seek to prevent public sector entities from outsourcing and if that fails, ensure that jobs that are outsourced continue to be unionized, which can reduce our pricing and operational flexibility with respect to such businesses.

We have also identified a trend among some of our clients towards the retention of a limited number of preferred vendors to provide all or a large part of their required services. We cannot be certain this trend will continue or not be reversed or, if it does continue, that we will be selected and retained as a preferred vendor to provide these services. Unfavorable developments with respect to either outsourcing or the use of preferred vendors could have a material adverse effect on our business and results of operations.

We purchase all of the products we sell to our customers from other parties, and conditions beyond our control, including changes in vendor rebates, can interrupt our supplies and increase our product costs.

As a distributor, we obtain our foodservice packaging, chemicals, and cleaning and janitorial supplies from third-party suppliers. Our business and financial results are dependent on our ability to purchase products from suppliers not controlled by us that we, in turn, sell to our customers. We may not be able to obtain the products we need on open credit, with market or other favorable terms, or at all. During the year ended December 31, 2020, approximately 27% of our purchases were made from our top ten suppliers. A sustained disruption in our ability to source products from one or more of the largest of these vendors might have a material impact on our ability to fulfill customer orders resulting in lost sales and, in rare cases, damages for late or non-delivery.

For the most part, we do not have a significant number of long-term contracts with our suppliers committing them to provide products to us. Suppliers may not provide the products and supplies needed in the quantities and at the prices and times requested. We are also subject to delays caused by interruption in production and increases in product costs based on conditions outside of our control. These conditions include raw material shortages, environmental restrictions on operations, work slowdowns, work interruptions, strikes or other job actions by employees of suppliers, product recalls, transportation interruptions, unavailability of fuel or increases in fuel costs, competitive demands, natural disasters or other catastrophic events, and pandemics or epidemics such as COVID-19. Our inability to obtain adequate supplies of foodservice packaging, chemicals, and cleaning and janitorial supplies as a result of any of the foregoing factors or otherwise could mean that we could not fulfill our obligations to customers, and customers may turn to other distributors. In addition, some of our agreements with our top customers contain customary delivery requirement provisions, including obligations to deliver the correct brand and item specification and to deliver the products on the date(s) specified in each purchase order. Under some of our agreements, in the event a delivered product is not the contracted brand, the customer is entitled to treat any such product as test samples free of charge.

Furthermore, the terms on which we purchase products from certain of our suppliers entitle us to receive a rebate based on the volume of our purchases. These rebates effectively reduce our costs for products. If suppliers adversely change the terms of some or all of these programs, the changes would increase our product costs. Any increase in our product costs would reduce our margins if we are unable to pass all or a portion of these increased costs along to our customers, which we have historically had difficulty doing. Any such inability may have a negative impact on our business and our profitability.

Increased operating costs, changes in energy and fuel prices and changes in the prices of raw materials used in our products could constrain our ability to make a profit.

Our profitability can be adversely affected to the extent we are faced with cost increases for food, wages, other labor related expenses (including workers' compensation, state unemployment insurance and federal or state mandated health benefits and other healthcare costs), insurance, piece goods, clothing and equipment, especially to the extent we are unable to recover such increased costs through increases in prices for our services, due to general economic conditions, competitive conditions or contractual provisions in our client contracts. For example, when federal, state, foreign or local minimum wage rates increase, we may have to increase the wages of both minimum wage employees and employees whose wages are above the minimum wage. We may also face increased operating costs resulting from changes in federal, state or local laws and regulations relating to employment matters, including those relating to the classification of employees, employee eligibility for overtime and secure scheduling requirements, which often incorporate a premium pay mandate for scheduling deviations.

The price of fuel and energy needed to run our vehicles and equipment is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for fuel and other energy-related products, actions by energy producers, war and unrest in oil producing countries, regional production

patterns, limits on refining capacities, natural disasters, environmental concerns and viral pandemics such as COVID-19. Substantial increases in the cost of fuel and utilities have historically resulted in substantial cost increases for us and our third-party manufacturers and suppliers. The cost of fuel and third-party freight affects the price paid by us for products as well as the expense incurred to deliver products to our customers. Increases in fuel and third-party freight costs or the unavailability of third-party freight providers may adversely affect our business and results of operations.

Furthermore, changes in prices for raw materials, such as pulp, paper and resin, could significantly impact our results of operations in the foodservice packaging market. Although we do not produce our products and are not directly exposed to risk associated with production, declines in pulp and paper prices, driven by falling secular demand, periods of industry overcapacity and overproduction by our suppliers, may adversely affect our revenues and net income to the extent such factors produce lower paper prices. Declining pulp and paper prices generally produce lower revenues and profits, even when volume and trading margin percentages remain constant. During periods of declining pulp and paper prices, customers may alter purchasing patterns and defer paper purchases or deplete inventory levels until long-term price stability occurs. Alternatively, if prices for raw materials rise and we are unable to pass these increases on to our customers, our results of operations and profits may also be negatively impacted.

The coverage afforded under our insurance policies may be inadequate for the needs of our business or our third-party insurers may be unable or unwilling to meet our coverage requirements, which could materially adversely affect our business, results of operations, and financial condition.

We use a combination of third-party insurance and self-insurance, including our participation in a “group” captive reinsurance program with a company licensed and managed in the Cayman Islands, to manage the exposures related to our business operations. The captive reinsurance company reinsures our workers’ compensation, general liability and automobile insurance policies. In doing so, it is party to certain reinsurance and indemnification arrangements that transfer a portion of the risk from our insurance providers to the captive insurance company. As a shareholder in the captive reinsurance company, we are party to the company’s shareholder agreement which covers assessments payable by the shareholders of the company in respect of their coverage. Under this shareholder agreement, we are required to, among other things, post collateral to secure payment of annual assessments and we have posted a \$14.5 million letter of credit in respect of these obligations. Such an arrangement could require us to pay out material amounts that may be in excess of our insurance reserves.

As our business continues to develop and diversify, we may choose to or have to transfer more risk to the captive insurance company as it may become more difficult to obtain insurance with current retentions or deductibles and with similar terms to cover our exposure. Our insurance reserves account includes unpaid losses, loss adjustment expenses for risks, and other associated expenses. These amounts are based on our estimates of the aggregate liabilities for the claims incurred. While these reserves are believed to be adequate, our ultimate liability could be in excess of our reserves, which could materially adversely affect our results of operations and financial position.

Expenditures related to the cost of compliance with laws, rules and regulations, including environmental, health and safety laws, and to satisfy any liability or obligation imposed under such laws, could negatively impact our business, financial condition and results of operations.

Our operations are subject to federal, state, international, national, provincial and local levels in many areas of our business, such as employment laws, wage and hour laws, discrimination laws, immigration laws, human health and safety laws, import controls and customs laws, the Foreign Corrupt Practices Act of 1977 (the “FCPA”) and other anti-corruption laws, environmental laws, false claims or whistleblower statutes, minority, women and disadvantaged business enterprise statutes, tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, government assistance programs, motor carrier safety laws including regulations of the U.S. Department of Transportation Federal Motor Carrier Safety Administration, data privacy and security laws, such as the California Consumer Privacy Act, environmental, health and safety laws, including laws regulating the emission or discharge of materials into the environment, the use, storage, treatment, disposal and management of hazardous substances and waste, the investigation and remediation of contamination and the health and safety of our employees and the public, including the U.S. Federal Clean Water Act, Clean Air

Act, Resource Conservation and Recovery Act, Comprehensive Environmental Response, Compensation, and Liability Act.

In the context of the current COVID-19 pandemic, we are also subject to new, varied and ever-changing rules and regulations at the state and local level, including social distancing and other operational requirements, capacity limitations, cleaning and sanitation standards and travel restrictions, which have materially impacted our operations across client locations and business sectors.

Expenditures related to the cost of compliance with laws, rules and regulations, tariffs and duties could adversely impact our business and results of operations. In addition, government agencies may make changes in the regulatory frameworks within which we operate that may require either the corporation as a whole or individual businesses to incur substantial increases in costs in order to comply with such laws and regulations. We could incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, laws, regulations, codes and common law. We could also be held liable for the costs to address contamination at any real property we have ever owned, operated or used as a disposal site.

In addition, changes in, or new interpretations of, existing laws, the discovery of previously unknown contamination, or the imposition of other environmental liabilities or obligations in the future, may lead to additional compliance or other costs that could impact our business and results of operations. Under U.S. federal and state environmental protection laws, as an owner or operator of real estate we may be liable for the costs of removal or remediation of certain hazardous materials located on or in or migrating from our owned or leased property or our client's properties, as well as related costs of investigation and property damage, without regard to our fault, knowledge, or responsibility for the presence of such hazardous materials. There can be no assurance that locations that we own, lease or otherwise operate, either for ourselves or for our clients, or that we may acquire in the future, have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon us under such laws or expose us to third-party actions such as tort suits. In addition, such regulations may limit our ability to identify suitable sites for new or expanded facilities. In connection with our present or past operations and the present or past operations of our predecessors or companies that we have acquired, hazardous substances may migrate from properties on which we operate or which were operated by our predecessors or companies we acquired to other properties. We may be subject to significant liabilities to the extent that human health is adversely affected or the value of such properties is diminished by such migration.

Moreover, as environmental issues, such as climate change, have become more prevalent, U.S. and foreign governments have responded, and may continue to respond, with increased legislation and regulation, which could negatively impact our business, financial condition and results of operations.

Changes in, new interpretations of or changes in the enforcement of the governmental regulatory framework may affect our contracts and contract terms and may reduce our revenue or profits.

A portion of our revenue, estimated to be approximately 2.9% in the year ended December 31, 2020, is derived from business with U.S. federal, state and local governments and agencies. Changes or new interpretations in, or changes in the enforcement of, the statutory or regulatory framework applicable to services provided under government contracts or bidding procedures, including an adverse change in government spending policies or appropriations, budget priorities or revenue levels, particularly by our food and support services businesses, could result in fewer new contracts or contract renewals, modifications to the methods we apply to price government contracts, or in contract terms of shorter duration than we have historically experienced. Any of these changes could result in lower revenue or profits than we have historically achieved, which could have an adverse effect on our results of operations.

Our contracts with U.S. federal, state and local governments and agencies generally contain customary government contract terms and conditions, including covenants against contingent fees, restrictions on gifts and gratuities, including lobbying, and good faith requirements to work with minority- and women-owned businesses. Further, these agreements contains most favored nations obligations, which require us to provide the applicable customer with the most favorable terms and/or prices for substantially similar services or products. The breach of

any of these covenants or restrictions could result in a default of the applicable agreement, which, if not cured or waived could result in an action for significant money damages against the Company.

From time to time, government agencies have also conducted reviews and audits of certain of our practices as part of routine inquiries of providers of services under government contracts, or otherwise. Like others in our business, we also receive requests for information from government agencies in connection with these reviews and audits. While we attempt to comply with all applicable laws and regulations, there can be no assurance that we are in full compliance with all applicable laws and regulations or interpretations of these laws and regulations at all times or that we will be able to comply with any future laws, regulations or interpretations of these laws and regulations.

We may recognize impairment charges, which could adversely affect our consolidated financial condition and consolidated results of operations.

We assess our goodwill and other intangible assets and our long-lived assets for impairment when required by GAAP. These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their estimated fair values. The estimated fair value of these assets is impacted by, but not limited to, macroeconomic, industry and market conditions in the locations in which we operate. Deterioration in these general economic conditions may result in: declining revenue, which can lead to excess capacity and declining operating cash flow; reductions in management's estimates for future revenue and operating cash flow growth; increases in borrowing rates and other deterioration in factors that impact our weighted average cost of capital; and deteriorating real estate values. If our assessment of goodwill, other intangible assets or long-lived assets indicates an impairment of the carrying value for which we recognize an impairment charge, this may adversely affect our consolidated financial condition and consolidated results of operations.

In order to compete, we must attract, train and retain highly qualified employees, and the failure to do so could have a material adverse effect on our results of operations.

To successfully compete, we must attract, train and retain a large number of highly qualified employees while controlling related labor costs. Specifically, we must recruit and retain qualified sales professionals. If we were to lose a significant amount of our sales professionals, we could lose a material amount of sales, which would have a material adverse effect on our financial condition and results of operations. We compete with other businesses for employees and invest significant resources in training and motivating them. There is no assurance that we will be able to attract or retain highly qualified employees. The inability to retain or hire qualified personnel at economically reasonable compensation levels would restrict our ability to improve our business and result in lower operating results and profitability.

Our business may be adversely affected by work stoppages, union negotiations and labor disputes.

Approximately 12% of our employees were in collective bargaining units as of March 31, 2021. Historically, the effects of collective bargaining and other similar labor agreements have not been significant. However, if a larger number of our employees were to unionize, including in the wake of any future legislation or administrative regulation that makes it easier for employees to unionize, the effect may be negative.

Any inability to negotiate acceptable new contracts under these collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs. If any such strikes or other work stoppages occur, or if additional employees become represented by a union, a disruption of our operations and higher labor costs could result. Labor relations matters affecting our suppliers of products and services could also adversely affect our business from time to time.

Our pension and health care costs are subject to numerous factors which could cause these costs to change.

Furthermore, our pension and health care costs are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience, including, for pension costs, actuarial assumptions regarding life expectancies. Pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns, changes in general interest rates and changes in the number of retirees may result in

increased pension costs in future periods. Significant changes in any of these factors may adversely impact our cash flows, financial condition and results of operations.

We participate in multi-employer pension plans and multi-employer health and welfare plans, which could create additional obligations and payment liabilities.

Pursuant to the collective bargaining agreement with Local Union No. 813, affiliated with International Brotherhood of Teamsters, we contribute to the Paper Products, Misc. Chauffeurs, Warehousemen, Helpers, Messengers, Production & Office Workers Pension Fund, which is a multiemployer defined benefit pension plan.

The risks of participating in multi-employer pension plans differ from single employer-sponsored plans and such plans are subject to regulation under the Pension Protection Act (the “PPA”). Additionally, changes in regulations covering these plans could increase our costs and/or potential withdrawal liability.

Multi-employer pension plans are cost-sharing plans subject to collective-bargaining agreements. Contributions to a multi-employer plan by one employer are not specifically earmarked for its employees and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan are borne by the remaining participating employers. In addition, if a multi-employer plan is determined to be underfunded based on the criteria established by the PPA, the plan may be required to implement a financial improvement plan or rehabilitation plan that may require additional contributions or surcharges by participating employers.

In addition to the contributions discussed above, we could be obligated to pay additional amounts, known as withdrawal liabilities, upon decrease or cessation of participation in a multi-employer pension plan. Although an employer may obtain an estimate of such liability, the final calculation of the withdrawal liability may not be able to be determined for an extended period of time. Generally, the cash obligation of such withdrawal liability is payable over a 20-year period.

Results of legal proceedings could have a material adverse effect on our consolidated financial statements.

We rely on manufacturers and other suppliers to provide us with the products and equipment we sell, distribute and service. As we do not have direct control over the quality of the products manufactured or supplied by such third-party suppliers, we are exposed to risks relating to the quality of the products and equipment we sell, distribute and service. It is possible that inventory from a manufacturer or supplier could be sold to our customers and later be alleged to have quality problems or to have caused personal injury, subjecting us to potential claims from customers or third parties. Our ability to hold such manufacturer or supplier liable will depend on a variety of factors, including its financial viability. Moreover, increasing the number of private label products that we distribute could increase our exposure to potential liability for product liability claims. Finally, even if we are successful in defending any claim relating to the products or equipment we distribute, claims of this nature could negatively impact our reputation and customer confidence in our products, equipment and company.

Our business also exposes us to worker compensation claims and other employment-related claims. As a result of COVID-19, our employees may be subject to heightened risks for COVID-19 exposure thus potentially impacting their health and future worker compensation claims against us. We may also be subject to lawsuits from employees and others exposed to COVID-19 at our facilities, which could involve large demands and substantial defense costs. We also operate a significant number of facilities and a large fleet of trucks and other vehicles and therefore face the risk of premises-related liabilities and vehicle-related liabilities including traffic accidents.

From time to time, we may also be involved in government inquiries and investigations, as well as class action, employment and other litigation. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, including environmental remediation and other proceedings commenced by government authorities. The costs and other effects of pending litigation against us cannot be determined with certainty. There can be no assurance that the outcome of any lawsuit or claim or its effect on our business or financial condition will be as expected. The defense of these lawsuits and claims may divert our management’s attention, and significant expenses may be incurred as a result. In addition, we may be required to pay damage awards or settlements, or

become subject to injunctions or other equitable remedies, that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Although we currently maintain insurance coverage to address some of these types of liabilities, we cannot make assurances that we will be able to obtain such insurance on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. In addition, we may choose not to seek to obtain such insurance in the future. Moreover, indemnification rights that we have may be insufficient or unavailable to protect us against potential loss exposures.

If we are not able to accurately estimate vendor rebates for each reporting period, it could affect operating results in future periods.

We enter into vendor arrangements that provide for us to receive specified amounts of consideration when we achieve certain contractually agreed-upon measures. These measures generally relate to the volume level of purchases from our vendors, net price paid to our vendors, or our sale of certain products to customers and may include negotiated pricing arrangements. We account for vendor arrangements as a reduction of the prices of the vendor's products and therefore a reduction of inventory until we sell the product, at which time we recognize such consideration as a reduction of cost of sales.

Accounting for vendor consideration includes uncertainty since we estimate the amount earned based on our actual purchases plus our forecast of total remaining purchases for the year relative to the purchase levels stated in the vendor arrangements. We accrue vendor consideration on a monthly basis using these estimates provided that we determine they are probable and reasonably estimable. Our estimates for annual purchases, future inventory levels and sales of qualifying products are driven by our sales projections, which can be significantly impacted by a number of external factors including changes in economic conditions. Changes in our purchasing mix also impact our estimates, as certain program rates can vary depending on our volume of purchases from specific vendors.

If market conditions were to change, vendors may change the terms of some or all of the applicable contracts. Although such changes would not affect the amounts, we have recorded related to products already purchased, they may lower or raise our cost for products purchased and sold in future periods. Receivables from vendor rebates amounted to \$43.7 million for the year ended December 31, 2020. To the extent that our estimates of vendor rebates for each reporting period are not accurate or the terms of our vendor arrangements change, it could affect our operating results in future periods.

Tax assessments and unclaimed property audits by governmental authorities could adversely impact our operating results.

We remit a variety of taxes and fees to various governmental authorities, including federal and state income taxes, excise taxes, property taxes, sales and use taxes and payroll taxes. The taxes and fees remitted by us are subject to review and audit by the applicable governmental authorities which could result in liability for additional assessments. We may also be held liable for failing to obtain valid sales tax exemption certificates from our customers. In addition, we are subject to unclaimed property (escheat) laws which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time. We are subject to audit by individual U.S. states with regard to our escheatment practices. The legislation and regulations related to tax and unclaimed property matters tend to be complex and subject to varying interpretations by both government authorities and taxpayers. Although management believes that the positions we have taken are reasonable, various taxing authorities may challenge certain of the positions we have taken, which may also potentially result in additional liabilities for taxes, unclaimed property, interest and penalties in excess of accrued liabilities. Our positions are reviewed as events occur such as the availability of new information, the lapsing of applicable statutes of limitations, the conclusion of tax audits, the measurement of additional estimated liabilities based on current calculations, the identification of new tax contingencies or the rendering of relevant court decisions. An unfavorable resolution of assessments by a governmental authority could have a material adverse effect on our financial condition, results of operations and cash flows in future periods.

We are dependent on a variety of information technology (“IT”) and telecommunications systems and the Internet, and any failure of these systems could adversely impact our business and operating results.

We depend on IT and telecommunications systems and the Internet for our operations. These systems support a variety of functions including inventory management, order placement and processing with vendors and from customers, shipping, shipment tracking and billing. Our information systems are vulnerable to natural disasters, wide-area telecommunications or power utility outages, terrorist or cyber-attacks and other major disruptions, and our redundant information systems may not operate effectively.

Failures or significant downtime of our IT or telecommunications systems including our enterprise resource planning or ERP systems, for any reason could prevent us from taking customer orders, printing product pick-lists, shipping products, billing customers and handling call volume. Sales also may be adversely impacted if our reseller and retail customers are unable to access pricing and product availability information. We also rely on the Internet, electronic data interchange and other electronic integrations for a large portion of our orders and information exchanges with our suppliers and customers. The Internet and individual websites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some websites have experienced security breakdowns. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, it could harm our relationships with our suppliers and customers. Disruption of our website or the Internet in general could impair our order processing or more generally prevent our suppliers and resellers from accessing information. Failures of our systems could also lead to delivery delays and may expose us to litigation and penalties under some of our contracts. Any significant increase in our IT and telecommunications costs or temporary or permanent loss of our IT or telecommunications systems could harm our relationships with our customers and suppliers and result in lost sales, business delays and bad publicity. The occurrence of any of these events, as well as the costs we may incur in preventing or responding to such events, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to cyber-security risks related to breaches of security pertaining to sensitive company, customer, employee and vendor information as well as breaches in the technology that manages operations and other business processes.

We are increasingly utilizing information technology systems, including with respect to administrative functions, financial and operational data, ordering, point-of-sale processing and payment and the management of our supply chain, to enhance the efficiency of our business and to improve the overall experience of our customers. We maintain confidential, proprietary and personal information about, or on behalf of, our potential, current and former clients, customers, employees and other third parties in these systems or engage third parties in connection with storage and processing of this information. Such information includes large volumes of employee, client and third party data, including credit card numbers, social security numbers, healthcare information and other personal information. Our IT systems, and those of our third-party providers, could become subject to cyber-attacks, including malicious software, attempts to gain unauthorized access to data, including through phishing emails, attempts to fraudulently induce employees or others to disclose information, the exploitation of software and operating vulnerabilities, and physical device tampering. The risk of cyberattacks is heightened with many of our employees working and accessing our technology infrastructure remotely as a result of the COVID-19 pandemic. In addition, the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, may be difficult to detect for a long time and often are not recognized until after an attack is launched or occurs. As a result, we and such third parties may be unable to anticipate these techniques or to implement adequate preventative measures. Network, system, application and data breaches could result in operational disruptions or information misappropriation including, but not limited to, interruption of systems availability, or denial of access to and misuse of applications required by our customers to conduct business with us. Access to internal applications required to plan our operations, source materials, ship finished goods and account for orders could be denied or misused. We currently own a small portfolio of registered and applied-for intellectual property including trademarks, copyrights and domain names. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential information, could stem from such incidents. Any operational disruptions or misappropriation of information could harm our relationship with our customers and suppliers, result in lost sales, business delays and negative publicity and could have a material adverse effect on our business, financial condition and results of operations.

In addition, we or third parties engaged by us to assist with storage and processing of information may decide to upgrade existing information technology systems from time to time to support the needs of our business and growth strategy and the risk of system disruption is increased when significant system changes are undertaken. During the normal course of business, we have experienced and expect to continue to experience cyber-based attacks and other attempts to compromise our information systems, although none, to our knowledge, has had a material adverse effect on our business, financial condition or results of operations. Any damage to, or compromise or breach of our systems or the systems of our vendors could impair our ability to conduct our business, result in transaction errors, result in corruption or loss of accounting or other data, which could cause delays in our financial reporting, and result in a violation of applicable privacy and other laws, significant legal and financial exposure, reputational damage, adverse publicity and a loss of confidence in our security measures. Any such event could cause us to incur substantial costs, including costs associated with systems remediation, client protection, litigation, lost revenue or the failure to retain or attract clients following an attack. The failure to properly respond to any such event could also result in similar exposure to liability. While we maintain insurance coverage that may cover certain aspects of cyber risks, such insurance coverage may be unavailable or insufficient to cover all losses or all types of claims that may arise. Further, as cybersecurity risks evolve, such insurance may not be available to us on commercially reasonable terms or at all. The occurrence of some or all of the foregoing could have a material adverse effect on our results of operations, financial condition, business and reputation.

Changes to U.S. trade policies, including the adoption or expansion of trade restrictions, sanctions and other related governmental actions or policies, can adversely impact our business and results of operations.

Although we primarily serve markets in the United States, we purchase our products from a wide variety of domestic and international suppliers including China, India, Taiwan and Hong Kong. Changes to U.S. trade policies, including the adoption or expansion of trade restrictions, sanctions and other related governmental actions or policies, can disrupt geographic and industry demand trends and prompt other countries to change their own trade policies, including through the adoption of retaliatory tariffs or expansion of other trade restrictions. For example, the Trump Administration previously raised tariffs, and imposed new tariffs, on a wide range of imports of Chinese products. Given the recent change in the United States presidential administration, there is uncertainty whether there will be, any changes to U.S. government trade policy. These changes may cause us to make changes in our supply chain strategies or adversely impact our own costs. Increasing the costs of our products as a result of tariffs or other adverse trade restrictions, or minimizing the number of our products subject to tariffs or other adverse trade restrictions, could cause customers to turn to other distributors and we may be unable to locate alternative suppliers at acceptable costs. Such actions may result in margin erosion or make it difficult to attract and retain customers. There can be no assurance that the foregoing factors will not have a material adverse effect on our consolidated financial condition and results of operations.

Inclement weather, widespread outbreak of an illness or responses thereto, anti-terrorism measures and other disruptions could negatively affect various aspects of our business including our supply chain, distribution system and operations, and could result in reduced demand from our customers.

Our ability to provide efficient distribution of products to our customers is an integral component of our overall business strategy. Disruptions at distribution centers or shipping ports or the closure of roads or imposition of other driving bans due to natural events such as flooding, tornadoes and blizzards may affect our ability to both maintain key products in inventory and deliver products to our customers on a timely basis, which may in turn adversely affect our results of operations.

Additionally, widespread outbreaks of an illness such as a pandemic and actions taken to contain or prevent further spread of such diseases could substantially interfere with general commercial activity related to our supply chain and customer base, which could have an adverse effect on our business, financial condition and results of operations. If our operations are curtailed, we may need to seek alternate sources of supply which may be more expensive, unavailable or may result in delays in shipments to us from our supply chain and subsequently to our customers. Further, if our customers' businesses are similarly affected, they might delay or reduce purchases from us, which could adversely affect our results of operations.

Furthermore, in the aftermath of terrorist attacks in the United States, federal, state and local authorities have implemented and continue to implement various security measures that affect many parts of the transportation

network in the United States and abroad. Our customers typically require delivery of products in short time frames and rely on our on-time delivery capabilities. If security measures disrupt or impede the timing of our deliveries, we may fail to meet the needs of our customers, or may incur increased expenses to do so. Any of these disruptions to our operations may reduce our sales and have an adverse effect on our business, financial condition and results of operations.

Adverse developments in general business and economic conditions as well as conditions in the global capital and credit markets could have a material adverse effect on the demand for our services, the business, and the financial condition and results of operations of our Company and our customers.

Negative economic conditions, in North America and our other markets, may adversely affect our financial performance. Higher levels of unemployment, inflation, tax rates and other changes in tax laws and other economic factors could adversely affect the demand for our services, resulting in the loss of business or increased pressure to contract for business on less favorable terms than our generally preferred terms. Increases in labor costs, including the cost to provide employee-partner related healthcare benefits, minimum wages, labor shortages or shortages of skilled labor, regulations regarding the classification of employees and/or their eligibility for overtime wages, higher material costs for items such as fabrics and textiles, the inability to obtain insurance coverage at cost-effective rates, higher interest rates, inflation, higher tax rates and other changes in tax laws and other economic factors could increase our costs of goods sold and selling and administrative expenses. As a result, these factors could adversely affect our sales and consolidated results of operations. For example, during the current COVID-19 pandemic, or in the past, such as in the period of economic distress following the financial crisis of 2008, certain of our businesses are being or were negatively affected by reduced employment levels at our clients' locations and declining levels of business and consumer spending. In addition, financial distress and insolvency experienced by clients, especially larger clients, in the past has, currently does, and in the future could make it difficult for us to collect amounts we are owed and could result in the voiding or modification of existing contracts.

In addition, volatility in the global capital and credit markets, which impacts interest rates, currency exchange rates and the availability of credit, could have a material adverse effect on the business, financial condition and results of operations of our Company and our customers. Financial difficulties of customers, whether as a result of a downturn in general economic or industry conditions or otherwise, may result in failures of customers to timely pay amounts due or adversely affect the collectability of our accounts receivable, which could have a material adverse effect on our business, financial condition and results of operations. We also have exposure to counterparties with which we routinely execute transactions. A bankruptcy or liquidity event by one or more of our customers or counterparties, such as financial institutions, could have a material adverse effect on our business, financial condition and results of operations.

Failure to achieve and maintain effective internal controls could adversely affect our business.

Effective internal controls are necessary for us to provide reliable financial reports. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the consolidated financial statement preparation and presentation. While we continue to evaluate our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. If we fail to maintain the adequacy of our internal controls or if we or our independent registered public accounting firm were to discover material weaknesses in our internal controls, as such standards are modified, supplemented or amended, we may be unable to produce reliable financial reports or prevent fraud. This may cause investors to lose confidence in our reported financial information.

Our Management Pro Forma Adjusted EBITDA is based on certain estimates and assumptions and should not be regarded as a representation by us or any other person that we will achieve such operating results. Prospective investors should not place undue reliance on our Management Pro Forma Adjusted EBITDA and should make their own independent assessment of our future results of operations, cash flows and financial condition.

Our Management Pro Forma Adjusted EBITDA set forth under "Summary—Summary Historical Consolidated Financial Data" represents our estimate of our anticipated annual operating results, including, without

limitation, our estimates of pre-acquisition results of acquisitions closed historically and those under a LOI, as well as certain costs savings expected to be achieved related to the acquisitions as further described in “Non-GAAP Financial Measures.” Our Management Pro Forma Adjusted EBITDA is based on certain estimates and assumptions, some or all of which may not materialize. Unanticipated events may occur that could have a material adverse effect on the actual results achieved by us during the periods to which these estimates relate. Those assumptions are summarized under “Summary—Summary Historical Consolidated Financial Data.” Presentation of Management Pro Forma Adjusted EBITDA excludes certain expense items and such presentation is not intended to be a substitute for historical GAAP measures of operating performance or liquidity. See “Non-GAAP Financial Measures,” “Presentation of Financial Information” and “Summary—Summary Historical Consolidated Financial Data” for a discussion of the limitations of non-GAAP financial measures and the Management Pro Forma calculations included in this offering memorandum.

In addition, we have prepared estimates of pre-acquisition results for historical acquisitions those under a LOI, as well as certain costs savings expected to be achieved related to these acquisitions that are reflected in our Management Pro Forma Adjusted EBITDA and set forth under “Summary—Summary Historical Consolidated Financial Data.” These estimates have not been prepared in accordance with U.S. GAAP, the requirements of Regulation S-X or any other accounting or securities regulations relating to the presentation of pro forma financial information. In particular, the adjustments set forth under “Summary—Summary Historical Consolidated Financial Data” do not account for seasonality and are not a guarantee that such results will actually be realized. While we do not believe the seasonality of any one acquired business is material when aggregated with other acquired businesses, the estimates may result in a higher or lower adjustment to our Management Pro Forma Adjusted EBITDA than would have resulted had we adjusted for the actual results of each of the acquired businesses for the period prior to our acquisition.

Our Management Pro Forma Adjusted EBITDA is subject to material risks, uncertainties and contingencies. We do not intend to update or otherwise revise our Management Pro Forma Adjusted EBITDA to reflect circumstances existing or arising after the date of this offering memorandum, or to reflect the occurrence of unanticipated events. Prospective investors should make their own independent assessments of our ability to make principal and interest payments on the notes. The Company’s Management Pro Forma Adjusted EBITDA should not be relied upon for any purpose following the consummation of this offering. No assurance can be given that our cash flow from operations will be sufficient to pay, when due, the principal of and interest on the notes. The inclusion of our Management Pro Forma Adjusted EBITDA should not be regarded as a representation by us or any other person that we will achieve such operating results or revenues.

Risks Related to Our Indebtedness and the Notes

We are a holding company with no independent operations or assets. Repayment of the notes is dependent on cash flow generated by our subsidiaries.

We are a holding company and have no direct operations other than holding the equity interests in BCPE Empire Topco, Inc., a holding company, and activities directly related thereto. Operations are conducted through Imperial Dade Intermediate Holdings, LLC and its subsidiaries. Accordingly, repayment of our indebtedness, including the notes, is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise.

Our subsidiaries are separate and distinct legal entities, and they will have no obligation, contingent or otherwise, to pay the amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payments. You will not have any direct claim on the cash flows or assets of our direct and indirect subsidiaries.

The ability of our subsidiaries to pay dividends and make other payments to us will depend on their cash flows and earnings, which, in turn, will be affected by all of the factors discussed in “—Risks Related to Our Business” above. In addition, our subsidiaries may not be permitted to make distributions to enable us to make payments in respect of our indebtedness, including the notes, by, among other things, applicable laws and regulations and by the terms of the agreements into which they enter. While the indenture that will govern the notes offered hereby will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay

dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions, including the existing restrictions under the Senior Secured Credit Facilities. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

The terms of the Senior Secured Credit Facilities significantly restrict Imperial Dade Intermediate Holdings, LLC from paying dividends and otherwise transferring assets to us. The ability of Imperial Dade Intermediate Holdings, LLC to comply with such conditions may be affected by events that are beyond its control. A breach of any such conditions could result in a default under the credit agreements governing the Senior Secured Credit Facilities, as applicable, and in the event of any such default, the holders and lenders thereof could elect to accelerate the maturity of all of the outstanding notes or loans. If the maturity of the borrowings under the Senior Secured Credit Facilities were to be accelerated, all such outstanding debt would be required to be paid in full before Imperial Dade Intermediate Holdings, LLC would be permitted to distribute any assets or cash to us. In addition, the terms of other debt agreements may restrict Imperial Dade Intermediate Holdings, LLC and our other subsidiaries from paying a dividend at such future time. Future financing agreements of Imperial Dade Intermediate Holdings, LLC or its subsidiaries can also be expected to contain restrictions or prohibitions on the payment of dividends by such subsidiaries to us. We cannot assure you that the agreements governing the current and future indebtedness of our direct and indirect subsidiaries will permit such subsidiaries to provide us with sufficient dividends, distributions, loans or other payments to pay cash interest or principal on the notes when due. See “Description of Existing Indebtedness.”

If we are unable to obtain funds from our direct and indirect subsidiaries as a result of restrictions under their debt or other agreements, applicable laws and regulations or otherwise, we likely would not be able to pay cash interest or principal on the notes when due.

We will have substantial indebtedness and may incur additional debt in the future, including secured debt, which could substantially reduce our profitability, limit our ability to pursue certain business opportunities and prevent us from fulfilling our obligations under the notes.

As of December 31, 2020, on a pro forma basis after giving effect to this offering, we would have had no outstanding indebtedness other than the notes offered hereby. As of December 31, 2020, after giving pro forma effect to the Transactions, the Issuer and its consolidated subsidiaries would have had approximately \$1,610.0 million of total consolidated indebtedness (net of capitalized debt issuance costs and including the notes offered hereby). This debt requires us to make significant interest and principal payments. Subject to certain limitations set forth in the credit agreements that govern the Senior Secured Credit Facilities (as defined herein) and the indenture that will govern the notes offered hereby, we and our subsidiaries may incur additional debt in the future, including secured debt, or other obligations that do not constitute indebtedness, which could increase the risks described below and lead to other risks. The amount of our debt or such other obligations could have important consequences, including, but not limited to:

- our ability to satisfy obligations to lenders may be impaired, resulting in possible defaults on and acceleration of our indebtedness;
- our ability to obtain additional financing for refinancing of existing indebtedness, working capital, capital expenditures, including costs associated with any international expansion, product and service development, acquisitions, general corporate purposes and other purposes may be impaired;
- our ability to engage in acquisitions without raising additional equity or obtaining additional debt financing may be impaired;
- a substantial portion of our cash flow from operations could be used to repay the principal and interest on our debt, thereby reducing the funds available to us for other purposes;
- we may be increasingly vulnerable to economic downturns, increases in interest rates, adverse changes in industry and competitive conditions and adverse changes in government regulations;

- our flexibility in planning for and reacting to changes in our business, the competitive landscape and the markets in which we operate may be limited; and
- we may be placed at a competitive disadvantage relative to other companies in our industry with less debt or comparable debt at more favorable interest rates.

The indenture that will govern the notes offered hereby contains operating covenants and restrictions that limit our operations and could lead to adverse consequences if we fail to comply with them. These restrictions limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments, loans and advances;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- enter into agreements that restrict the ability of our restricted subsidiaries to make dividends or other payments to us;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- transfer or sell assets.

The restrictions in the indenture that will govern the notes offered hereby may prevent us and our subsidiaries, as applicable, from taking actions that we believe would be in the best interest of our business, and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not subject to similar restrictions. We may also incur additional debt obligations in the future that could subject us to additional restrictive covenants that could affect our and our subsidiaries' financial and operational flexibility. We cannot assure you that we and our subsidiaries will be able to maintain compliance with such covenants and, if we and/or our subsidiaries fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

Failure to comply with these covenants could result from, among other things, changes in our and our subsidiaries' results of operations, the incurrence of additional indebtedness, the pricing of our products, our success at implementing cost reduction initiatives, our ability to successfully implement our overall business strategy or changes in general economic conditions, which may be beyond our and our subsidiaries' control. The breach of any of these covenants or restrictions could result in a default or event of default under the indenture that will govern the notes offered hereby, which, if not cured or waived could result in us being required to repay these borrowings before their due date. If we are forced to refinance our borrowings on less favorable terms or cannot refinance these borrowings, our prospects, business, financial condition, results of operations and cash flows could be materially and adversely affected and could cause us to become bankrupt or otherwise insolvent. In addition, these covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our business and stockholders.

See "Description of Existing Indebtedness" for additional information about the covenants set forth in the credit agreements governing the Senior Secured Credit Facilities and "Description of the Notes" for additional information about the covenants set forth in the indenture that will govern the notes offered hereby.

As disclosed under the heading “Use of Proceeds,” we intend to use the net proceeds from this offering (i) to repay in full all outstanding indebtedness under the Second Lien Term Loan, (ii) to repay \$30 million of indebtedness under the ABL Facility that is expected to be incurred prior to or substantially concurrently with the consummation of this offering, (iii) to pay a dividend to our stockholders and (iv) to pay fees and expenses as incurred in connection the Transactions. Accordingly, the proceeds from the offering may not be available to service other outstanding indebtedness of our subsidiaries, as well as the notes offered hereby.

We may be unable to service our indebtedness, including the notes.

Our ability to make scheduled payments on and to refinance our indebtedness, including the notes, depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors and reimbursement actions of governmental and commercial payers, all of which are beyond our control, including the availability of financing in the international banking and capital markets. Lower net revenues before provision for uncollectibles, or higher provision for uncollectibles, generally will reduce our cash flow. We cannot assure you that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, including the notes, to refinance our debt or to fund our other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, including those for integrating our historical acquisitions or for future corporate development activities. We also may be forced to sell assets or operations, seek additional capital, or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations, or that these actions would be permitted under the terms of our existing or future debt agreements, including our Senior Secured Credit Facilities and the indenture that will govern the notes.

Any restructuring or refinancing of all or a portion of our debt, including the notes, could cause us to default on our debt obligations and impair our liquidity. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. In addition, any failure to make scheduled payments of interest and principal on outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to access additional capital on commercially reasonable terms or at all. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

Moreover, in the event of a default, the holders of our indebtedness, including the notes, could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest, if any. If we breach our covenants under the Senior Secured Credit Facilities, we would be in default thereunder. The lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. All of these events could result in your losing your investment in the notes.

Increases in interest rates would increase the cost of servicing our debt and could reduce our profitability.

Our subsidiaries’ debt outstanding under the Senior Secured Credit Facilities bears interest at a variable rate. As a result, increases in interest rates would increase the cost of servicing our subsidiaries’ debt, even if the amount borrowed remains the same, and could materially reduce our consolidated profitability and cash flows. While the Company has entered into interest rate swap agreements to hedge its interest rate exposures related to its variable rate borrowings under the Senior Secured Credit Facilities, it is possible that these agreements or any future interest rate cap agreements or swaps that it enters into may not fully or effectively mitigate its interest rate risk. The Company may also decide not to maintain interest rate swaps in the future. As a result of such increases in the cost of servicing our subsidiaries’ debt, our subsidiaries may be unable to make distributions to us, which would negatively impact our ability to make Cash Interest payments or to repay the notes offered hereby.

In addition, a transition away from the London Interbank Offered Rate (for purposes of this risk factor, “LIBOR”) as a benchmark for establishing the applicable interest rate may affect the cost of servicing our subsidiaries’ debt under the Senior Secured Credit Facilities. The Financial Conduct Authority of the United

Kingdom has announced that it plans to phase out LIBOR by June 30, 2023. Although these borrowing arrangements provide for alternative base rates, such alternative base rates may or may not be related to LIBOR, and the consequences of the phase-out of LIBOR cannot be entirely predicted at this time.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms, or at all.

We may in the future need debt financing to fund our operations, capital expenditures and expansion. The market conditions and the macroeconomic conditions that affect the markets in which we operate could adversely affect our ability to secure financing on acceptable terms, if at all. We may be unable to secure additional financing on favorable terms or at all and the ability of our subsidiaries to pay dividends and make other payments to us will depend on their cash flows and earnings, which, in turn, will be affected by all of the factors discussed in “—Risks Related to Our Business” above. The terms of additional financing may limit our financial flexibility. Our ability to satisfy our financial obligations will depend upon our subsidiaries’ future operating performance, the availability of credit generally, economic conditions and financial, business and other factors, many of which are beyond our control. Furthermore, if financing is not available when needed, or is not available on acceptable terms, we and our subsidiaries may be unable to take advantage of business opportunities or respond to competitive pressures, any of which could materially and adversely affect our and our subsidiaries’ prospects, business, financial condition, results of operations and cash flows.

Repayment of our debt, including required principal and interest payments on the notes, is dependent on cash flow generated by our subsidiaries, which may be subject to limitations beyond our control.

Our subsidiaries own a substantial portion of our assets and conduct all of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent on the generation of cash flow by our subsidiaries and (if they are not guarantors of the notes) their ability to make such cash available to us, by dividend, debt repayment or otherwise.

Unless they are guarantors of the notes, our subsidiaries will not have any obligation to pay amounts due on the notes or to make funds available to us for that purpose. Our non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each non-guarantor subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our non-guarantor subsidiaries.

In the event that we are unable to receive distributions from subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

If our subsidiaries default on their obligations to pay their indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our subsidiaries’ indebtedness, including a default under the credit agreements governing the Senior Secured Credit Facilities that is not waived by the required lenders or holders, as applicable, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the notes when due and substantially decrease the market value of the notes.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our prospects, business, financial condition, results of operations and cash flows.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flows would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. In addition, any event of default or

declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

We may be unable to repay or repurchase the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. The source of funds for any repayment or repurchase would be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not have the funds to fulfill these obligations or the ability to obtain third party financing to fulfill these obligations on satisfactory terms or at all. If the maturity date occurs at a time when other arrangements prohibit us from repaying the notes, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. In such circumstances, if we cannot obtain such waivers or refinance such borrowings, we would be unable to repay the notes.

The notes will be effectively subordinated to any of our future secured indebtedness to the extent of the value of the property securing that indebtedness.

We may incur secured debt in the future. Upon a default in payment on, or the acceleration of, any of our secured indebtedness, or in the event of our bankruptcy, insolvency, liquidation, dissolution or reorganization, the proceeds from the sale of assets securing our secured indebtedness will be available to pay obligations on the notes only after that other secured debt has been paid in full. As a result, the holders of the notes may receive less, ratably, than the holders of secured debt in the event of our bankruptcy, insolvency, liquidation, dissolution or reorganization.

The notes will not be guaranteed by any of our subsidiaries. The notes are not obligations of our subsidiaries and your right to receive payments on the notes will be structurally subordinated to all liabilities of our subsidiaries, including the Senior Secured Credit Facilities, and the assets of our subsidiaries may not be available to make payments on the notes.

The notes will not be guaranteed by any of our subsidiaries. These subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefore, whether by dividends, loans, distributions or other payments. Any right that we have to receive any assets of any of the subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of such subsidiaries' creditors, including trade creditors and holders of preferred equity interests of such subsidiaries. You should not expect these subsidiaries to participate in making any payments in respect of the notes. As of December 31, 2020, after giving pro forma effect to the Transactions, our subsidiaries would have had: (i) approximately \$968.0 million of secured indebtedness under the Senior Secured Credit Facilities and certain assets and capital leases to which the notes would have been effectively subordinated, and (ii) commitments available to be borrowed under the Senior Secured Credit Facilities of approximately \$245 million (excluding \$14.5 million of letters of credit expected to be issued thereunder). All such obligations of our subsidiaries will be structurally senior to the notes.

If any of our subsidiaries become insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its indebtedness and its trade creditors generally will be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to us. Consequently, claims in respect of the notes will be structurally subordinated to all of the indebtedness and other liabilities of our subsidiaries, and the claims of creditors of these subsidiaries, including trade creditors and holders of preferred equity interests of such subsidiaries, will have priority as to the assets of these subsidiaries. In addition, the indenture governing the notes will permit these subsidiaries to incur additional indebtedness, subject to some limitations, and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

Many of the covenants in the indenture that will govern the notes offered hereby will not apply to us if the applicable notes are rated investment grade by any two of S&P, Moody's and Fitch.

Many of the covenants in the indenture that will govern the notes offered hereby will cease to apply to the applicable notes during any periods in which such notes are rated investment grade by any two of S&P, Moody's and Fitch, provided that at such time no default or event of default has occurred and is continuing. Although there can be no assurance that the notes offered hereby will ever be rated investment grade, or if they are rated investment grade, that such notes will maintain these ratings, any suspension of the covenants under the indenture that will govern the notes would allow us to engage in certain transactions that would not be permitted while these covenants were in effect. To the extent any suspended covenants are subsequently reinstated, any actions taken by us while the covenants were suspended would not result in an event of default under the indenture that will govern the notes offered hereby. See "Description of the Notes—Certain Covenants."

Federal and state statutes allow courts, under specific circumstances, to void notes and require noteholders to return payments received.

If we become a debtor in a case under the Bankruptcy Code or encounter other financial difficulty, under federal or state fraudulent transfer law a court may void or otherwise decline to enforce the notes. A court might do so if it found that when we issued the notes, or in some states when payments became due under the notes, we received less than reasonably equivalent value or fair consideration and:

- were insolvent or rendered insolvent by reason of such incurrence;
- were left with inadequate capital to conduct our business;
- believed or reasonably should have believed that we would incur debts beyond our ability to pay; or
- were a defendant in an action for money damages or had a judgment for money damages docketed against us if, in either case, the judgment is unsatisfied after final judgment.

The court might also void an issuance of notes, without regard to the above factors, if the court found that we issued the notes with actual intent to hinder, delay or defraud its creditors.

A court would likely find that we did not receive reasonably equivalent value or fair consideration for the notes if we did not substantially benefit directly or indirectly from the issuance of the notes. Because we are using the proceeds from this offering in part to fund a return of capital to our equityholders, a court could conclude that we did not receive reasonably equivalent value. If a court were to void the issuance of the notes you would no longer have any claim against us. Sufficient funds to repay the notes may not be available from other sources, if any. In addition, the court might direct you to repay any amounts that you already received in respect of the notes. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. We cannot assure you, however, as to what standard a court would apply in making such a determination.

Finally, as a court of equity, the bankruptcy court may subordinate the claims in respect of the notes to other claims against us under the principle of equitable subordination if the court determines that (a) the holder of notes engaged in some type of inequitable conduct, (b) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of notes and (c) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

Any future guarantee may be avoidable in bankruptcy.

Guarantees issued after the issue date of the notes may be treated under bankruptcy law as if they were delivered to guarantee previously existing indebtedness. Any future issuance of a guarantee in favor of the holders of the notes (including any liens delivered or reinstated and/or pursuant to guarantees delivered in connection therewith after the date the notes are issued) may be avoidable by the guarantor (as a debtor in possession), by its trustee in bankruptcy, or potentially by other creditors if certain events or circumstances exist or occur, including, among others, if (1) the guarantor is insolvent at the time of the issuance of the guarantee, (2) the issuance of the guarantee permits the holders of the notes to receive a greater recovery in a hypothetical Chapter 7 case than if such guarantee had not been given and (3) a bankruptcy proceeding in respect of the guarantor is commenced within 90 days following the issuance of the guarantee or, in certain circumstances, a longer period. Accordingly, if we or any guarantor were to file for bankruptcy protection after the issue date of the notes and any guarantees not issued, on the issue date of the notes had been issued less than 90 days before commencement of such bankruptcy proceeding, such guarantees are materially more likely to be avoided as a preference by the bankruptcy court than if delivered on the issue date of the notes (even if the other guarantees issued on the issue date of the notes would no longer be subject to such risk). To the extent that the grant of any guarantee is avoided as a preference or otherwise, you would lose the benefit of the guarantee.

We can enter into transactions like recapitalizations, reorganizations and other highly leveraged transactions that do not constitute a change of control but that could adversely affect the holders of the notes.

Certain important corporate events, such as leveraged recapitalizations, may not, under the indenture that will govern the notes offered hereby, constitute a “change of control” that would require us to purchase the notes, notwithstanding the fact that such corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the notes. Therefore, we could, in the future, enter into certain transactions, including acquisitions, reorganizations, refinancings or other recapitalizations that would not constitute a change of control under the indenture that will govern the notes offered hereby, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

The indenture that will govern the notes offered hereby will also contain exceptions that permit us to undertake certain corporate and tax transactions without complying with the covenants contained in the indenture, including certain tax planning and tax reorganization transactions and reorganizations in preparation for any initial public offering. These transactions could permit value to be transferred from our company and our restricted subsidiaries, including additional tax distributions to our stockholders, without being subject to restrictions under the indenture.

In addition, one of the circumstances under which a change of control may occur is upon the sale or disposition of “all or substantially all” of our assets. There is no precise established definition of the phrase “substantially all” under applicable law and the interpretation of that phrase will likely depend upon particular facts and circumstances. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all our assets to another person may be uncertain.

An active trading market may not develop for the notes.

We cannot assure you that an active trading market will develop for the notes offered hereby. We do not intend to apply for listing of the notes on any securities exchange or on any automated dealer quotation system. Although we have been informed by certain of the initial purchasers that they currently intend to make a market for the notes, they are not obliged to do so and any market making may be discontinued at any time without notice.

The liquidity of, and trading market for, the notes may also be adversely affected by, among other things:

- changes in the overall market for securities similar to the notes;
- changes in our and our subsidiaries’ financial performance or prospects;

- the prospects for companies in our industry generally;
- the number of holders of the notes;
- the interest of securities dealers in making a market for the notes;
- the conditions of the financial markets; and
- prevailing interest rates.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the notes.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities that are similar to the notes. We cannot assure you that the market, if any, for any of the notes will be free from similar disruptions or that any such disruptions may not 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 and our subsidiaries' performance and other factors.

Holders of the notes will not be entitled to registration rights, and we do not currently intend to register the notes under applicable securities laws. There are restrictions on your ability to transfer or resell the notes.

The notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws, and we do not currently intend to register the notes. The holders of the notes will not be entitled to require us to register the notes for resale or otherwise. Therefore, you may transfer or resell the notes in the United States only in a transaction registered under or exempt from the registration requirements of the Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. We are not obligated to register the notes under the Securities Act or to offer to exchange the notes in an exchange offer registered under the Securities Act. As a result, for so long as the notes remain outstanding, they may be transferred or resold only in transactions exempt from the registration requirements of federal and applicable state securities laws. It is your obligation to ensure that your offers and sales of notes comply with applicable securities laws. These restrictions could limit the liquidity or affect the price of the notes. See "Plan of Distribution."

Certain actions in respect of defaults taken under the indenture that will govern the notes by beneficial owners with short positions in excess of their interests in the notes will be disregarded.

By acceptance of the notes, each holder of notes agrees, in connection with any notice of Default (as defined below) or Event of Default (as defined below), notice of acceleration or instruction to the trustee to provide a notice of Default or Event of Default, notice of acceleration or take any other action (a "Noteholder Direction"), to (i) deliver a written representation to us and the trustee that such holder and any of its affiliates acting in concert with it in connection with its investment in the notes are not (or, in the case such holder is DTC or its nominee, that such holder is being instructed solely by beneficial owners that are not) Net Short (as defined under "Description of the Notes") and (ii) provide us with such other information as we may reasonably request from time to time in order to verify the accuracy of such holder's representation within five business days of request therefor. Holders of the notes, including holders that have hedged their exposure to the notes in the ordinary course and not for speculative purposes, may not be able to make such representations or provide the requested additional information. These restrictions may impact a holder's ability to participate in Noteholder Directions if it is unable to make such a representation.

We will not be subject to the Sarbanes-Oxley Act of 2002.

Since we will not register the notes under the Securities Act after the offering, we will not be subject to the Sarbanes-Oxley Act of 2002 ("SOX"), which requires public companies to have and maintain effective disclosure

controls and procedures to ensure timely disclosure of material information, and have management review the effectiveness of those controls on a quarterly basis. SOX also requires public companies to have and maintain effective internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management review the effectiveness of those controls on an annual basis (and have the independent auditor attest to the effectiveness of such internal controls). We will not be required to comply with these requirements and therefore we will not have comparable procedures in place as compared to public companies.

We are not providing all of the information that would be required if this offering were being registered with the SEC.

This offering memorandum does not include all of the information that would be required if we were registering the offering of notes with the SEC. This lack of information could impair your ability to evaluate your investment in the notes. We cannot assure you that the historical and pro forma financial information as set forth in this offering memorandum will be indicative of our or our subsidiaries' future financial performance or our ability to meet our obligations.

A lowering or withdrawal of the ratings assigned to us or our subsidiaries' debt securities by rating agencies may adversely affect the market price or liquidity of the notes.

Credit rating agencies continually revise their ratings for the companies that they follow, including us. Credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. The notes offered hereby will have a non-investment grade rating on the issue date. There can be no assurances that such rating will remain for any given period of time or that such 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. Credit ratings are not recommendations to purchase, hold or sell the notes, and may be revised or withdrawn at any time. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the notes. If the credit rating of the notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your notes without a substantial discount.

The indenture that will govern the notes will not be qualified under the Trust Indenture Act, and we will not be required to comply with the provisions of the Trust Indenture Act.

The indenture that will govern the notes will not be qualified under the Trust Indenture Act, and we will not be required to comply with the provisions of the Trust Indenture Act. Therefore, holders of the notes will not be entitled to the benefit of the provisions and protection of the Trust Indenture Act except to the extent there are similar provisions in the indenture that will govern the notes offered hereby.

USE OF PROCEEDS

The estimated net proceeds from this offering, after deducting initial purchaser discounts and commissions, will be approximately \$ million. The Issuer intends to use the net proceeds from this offering (i) to repay in full all outstanding indebtedness under the Second Lien Term Loan, (ii) to repay \$30 million of indebtedness under the ABL Facility that is expected to be incurred prior to or substantially concurrently with the consummation of this offering, (iii) to pay a dividend to our stockholders and (iv) to pay fees and expenses as incurred in connection the Transactions. To the extent we incur less than \$30 million of indebtedness under the ABL Facility prior to or substantially concurrently with the consummation of this offering, we intend to use any remaining net proceeds for general corporate purposes and/or to pay a dividend to our stockholders. This offering memorandum shall not constitute a notice of repayment with respect to the Second Lien Term Loan and any repayment of the Second Lien Term Loan will be made in accordance with the terms and conditions of the credit agreement governing the Second Lien Term Loan.

Certain of the initial purchasers or their affiliates may be lenders under the Second Lien Term Loan and the ABL Facility and will receive a pro rata portion of the net proceeds from this offering used to repay such indebtedness. See “Plan of Distribution.”

CAPITALIZATION

The following table sets forth the cash and cash equivalents and consolidated capitalization as of December 31, 2020 as follows:

- of the Company, on an actual basis; and
- of the Issuer (including the Company, which is wholly owned by the Issuer), on a pro forma basis, after giving effect to the following:
 - a draw of \$30 million under the ABL Facility and using cash from balance sheet to fund acquisitions under a LOI;
 - this offering and the application of the net proceeds therefrom, including the Transactions as described in “Use of Proceeds.”

You should read the following table in conjunction with our audited consolidated financial statements and related notes and “Use of Proceeds” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in this offering memorandum.

	As of December 31, 2020	
	Actual (Company)	Pro Forma (Issuer)
<i>(dollars in millions)</i>	(audited)	(unaudited)
Cash and cash equivalents	\$ 56.3	\$ —
Long-term Debt:		
First Lien Term Loan ⁽¹⁾	934.1	934.1
Second Lien Term Loan ⁽¹⁾	290.2	—
ABL Facility ⁽²⁾	—	—
Capital leases ⁽³⁾	33.9	33.9
Notes offered hereby ⁽⁴⁾	—	642.0
Total long-term debt	1,258.2	1,610.0
Stockholders’ equity ⁽⁵⁾	589.2	267.4
Total capitalization	\$ 1,847.4	\$ 1,877.4

- (1) Reflects the remaining principal balance outstanding for the respective loan, net of \$26.5 million and \$9.8 million of capitalized debt issuance costs related to the First Lien Term Loan and Second Lien Term Loan, respectively. Obligations under the Second Lien Term Loan will be repaid in full in connection with the consummation of this offering, including all accrued and unpaid interest thereon.
- (2) Reflects a draw of \$30.0 million under the ABL Facility expected to be incurred prior to or substantially concurrent with the consummation of this offering and the subsequent repayment with the proceeds from this offering, including all accrued and unpaid interest thereon. On the closing date of this offering, and subsequent to the ABL Facility being repaid, we expect our \$245.0 million ABL Facility to be undrawn (excluding \$14.5 million of letters of credit expected to be issued thereunder) but due to monthly working capital requirements and other factors, available borrowing capacity under our ABL Facility is expected to be less than \$245.0 million.
- (3) Includes current maturities.
- (4) Represents the principal amount of such notes, net of \$13.0 million of capitalized debt issuance costs. The proposed accounting for the notes offered hereby is preliminary and the final determination may result in differences that could have a material impact on this unaudited pro forma capitalization.
- (5) Represents the dividend to be paid to our Sponsor as well as the write-off of \$9.8 million of capitalized debt issuance costs that will be written off when the Second Lien Term Loan will be repaid in full in connection with the consummation of this offering. The proposed accounting for the repayment of the Second Lien Term Loan is preliminary and the final determination may result in differences that could have a material impact on this unaudited pro forma capitalization.

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

The following discussion and analysis provides information management believes is relevant to an assessment and understanding of our financial condition and results of operations for the periods presented below. This discussion should be read in conjunction with “Presentation of Financial Information,” “Summary—Summary Historical Consolidated Financial Data” and our audited consolidated financial statements and related notes included elsewhere in this offering memorandum to enhance the understanding of our operations and our present business environment. The following discussion contains forward-looking statements that are based upon management’s current expectations, including with respect to our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources. Our actual results may differ materially from those anticipated in such forward-looking statements as a result of various factors discussed below and elsewhere in this offering memorandum, particularly in “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements.”

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains the presentation of Base business net product sales, which is not presented in accordance with GAAP. This non-GAAP financial measure is being presented because it provides the Company and readers of this offering memorandum with additional insight into our operational performance relative to earlier periods and relative to our competitors. We do not intend for this non-GAAP financial measure to be a substitute for any GAAP financial information. Readers of this offering memorandum should use this non-GAAP financial measure only in conjunction with the comparable GAAP financial measure. Reconciliations of Base business net product sales to net product sales, the most comparable GAAP measure, is provided in this offering memorandum. See “–Non-GAAP Financial Measures Base Business Net Product Sales.”

Overview

We are the largest pure-play specialty distributor of FSP and Jan-San products in the United States. We serve as a mission-critical partner to approximately 65,000 customers, providing product expertise and technical know-how across a superior portfolio of over 60,000 SKUs. We have deeply entrenched supplier relationships and serve as the critical link between hundreds of suppliers and thousands of customers.

Our complementary product offering provides a one-stop shop for customers across a broad range of growing end markets including grocery & convenience stores, foodservice, hospitality, restaurants, healthcare, and education. Our core FSP products include food containers and trays, paper and plastic bags, cups, plates, bowls, cutlery, films, wraps, while our core Jan-San products include a broad range of cleaning supplies and chemicals, as well as PPE and food safety products. Due to our unparalleled scale and flexibility, we are able to provide eco-friendly alternatives across a wide range of our products allowing us to stay at the forefront of legislation and industry trends. Additionally, we offer private label products through our Victoria Bay brand, comprising over 1,300 SKUs. We are a critical, value-added partner to both our suppliers and customers that leverages our unique perspective across end-customer preferences, behavior changes and regulatory developments to help them make important decisions about their businesses.

We have a national footprint of 60 warehouses and 20 cross-docks, strategically located across the United States, totaling over 4.5 million square feet of warehousing space. We have a highly experienced sales team of over 650 personnel and 40 equipment technicians. We continue to realize significant efficiencies as we migrate our footprint to a single ERP system, S2K, and consolidate into super facilities. We also operate a fleet of over 1,000 delivery vehicles and trailers, delivering over 3.5 million orders annually on a next day basis. Our fleet profitably serves customers within approximately 150 miles of a distribution center and 50 miles of a depot.

Acquisitions

We have a demonstrated track record of achieving growth through successful M&A, integration and synergy realization. Since the beginning of fiscal year 2019, we have closed 15 acquisitions representing approximately \$635 million in net product sales, which excludes revenue from the 3 companies acquired on

December 31, 2020 as shown below. These acquisitions have allowed us to grow our distribution footprint, increase our scale and leverage with suppliers and better serve our regional and national customers.

Unless otherwise noted, our discussion of operating results includes the operating results from acquisitions in fiscal years 2020 and 2019. We have included the targets' results of operations in our consolidated results since the respective acquisition dates.

The following is a summary of the acquisitions completed in fiscal years 2020, 2019 and 2018:

Acquired Company	Date of Acquisition
PCA Industrial & Paper Supplies, Inc. ("PCA").....	January 17, 2018
Sikes Paper & Chemical Supply, Inc. ("Sikes").....	January 31, 2018
Gulf Coast Paper Co., Inc. ("Gulf Cost").....	May 11, 2018
American Osment ("American Osment")	June 25, 2018
Joshen Paper & Packaging ("Joshen")	February 26, 2019
Edmar Cleaning Corp. ("Edmar")	April 10, 2019
Butler-Dearden Paper Service, Inc. ("Butler Dearden")	May 1, 2019
Mid Continent Paper & Distributing Co., Inc. ("Mid Continent Paper").....	May 10, 2019
Strauss Paper Company, Inc. ("Strauss").....	June 1, 2019
The Paper Company, Inc. ("TPC")	July 1, 2019
Philip Rosenau Co., Inc ("Rosenau").....	October 17, 2019
Area Distributors ("AD").....	November 15, 2019
Wagner Supply Company ("Wagner").....	January 1, 2020
American Paper & Plastics ("APP")	January 1, 2020
P&R Paper Supply ("P&R")	October 1, 2020
Great Southwest Paper Company, Inc. ("Great Southwest")	December 1, 2020
Jackson Newell Paper Company ("Jackson Newell")	December 31, 2020
Industrial Soap Company ("Industrial Soap").....	December 31, 2020
Paper Chemical Supply Company ("Paper Chemical")	December 31, 2020

To understand the strategic nature and impact of our acquisitions, see Note 3 in the notes to our audited consolidated financial statements included elsewhere in this offering memorandum.

We continually evaluate potential acquisitions as they are a critical component to our growth strategy.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency. States and cities have taken various measures in response to COVID-19, including mandating the closure of certain businesses and encouraging or requiring citizens to avoid large gatherings. Our operations are and have been continuously open for business since we are among businesses that generally have been considered essential by federal, state, or local authorities.

One of our highest priorities is the health, safety and security of our employees. We have adapted our operations and implemented a number of measures to facilitate a safer environment for both our customers and employees, which includes following best practices and guidelines from the Centers for Disease Control and Prevention (the "CDC"). We continue to monitor developments to minimize potential exposures and facilitate safe and healthy environments in our branches, warehouses, and other facilities.

FSP was our most impacted business due to the effect that COVID-19 had on our restaurants and hospitality end markets. We were able to partially offset this decline through increased product demand within the grocery and healthcare end markets.

Although we have experienced operational and other challenges to date, there has not been a material adverse impact on our results of operations for fiscal year 2020 as a result of COVID-19. We believe we have sufficient liquidity on hand to continue business operations during this volatile period. In March 2020, we borrowed against the ABL Facility further enhancing our cash position and increasing our financial flexibility. In December 2020, the last of these borrowed amounts was repaid and as of December 31, 2020, the total ABL Facility is available to us. Between March 2020 and June 2020, we took steps to reduce operating costs by reducing our workforce by approximately 7%. However, as of December 31, 2020, employee workforce is up 4% as compared to March 2020, due to our response to COVID-19 as well as a result of our fiscal year 2020 acquisitions. We continue to access our discretionary spending on a routine basis and may take additional steps to reduce operating costs.

Certain of our customers continue to have limitations on their ability to conduct their business and pay for products previously purchased. As a result, we increased our allowance for doubtful accounts by \$3.8 million related to these specific customers. However, we have not recorded any impairments of tangible or intangible assets, including goodwill.

We continue to actively monitor the ongoing COVID-19 pandemic and may take further actions that alter our business operations if required by federal, state, or local authorities or that we determine are in the best interests of our associates, customers, and suppliers. The situation surrounding COVID-19 remains fluid and the potential for a material impact to our Company increases the longer the virus impacts the level of economic activity in the United States. For this reason, we cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on our results of operations and financial position.

Components of Operating Results

Net product sales

Net product sales are primarily derived from the sale of products to customers by our FSP and Jan-San businesses. Sales and other taxes we collect concurrently with revenue-producing activities are excluded from net product sales, however shipping and handling fees charged to customers are included. We also present Base business, a non-GAAP measure, which excludes net product sales from acquisitions made by us in the current and prior fiscal years, to present net product sales on a comparable basis. Refer to section below titled “Non-GAAP Financial Measures: Base Business Net Product Sales.” for further discussion and a reconciliation of this measure to the nearest GAAP measure.

Other revenue

Other revenue includes income generated from subleasing arrangements related to our leased properties.

Cost of goods sold

Cost of goods sold consists of the direct material costs of the products and supplies sold through our FSP and Jan-San businesses. Also included as a reduction to cost of goods sold are vendor rebates we earn through certain contractually agreed-upon measures.

Selling, general and administrative expenses (“SG&A”)

Selling, general and administrative expenses includes shipping and handling costs associated with our net product sales, general salaries and compensation expense, stock-based compensation expense, management fees, acquisition-related costs, and gains and losses related to fair value adjustments to our deferred purchase price payable to sellers of businesses we have acquired.

Depreciation and amortization expenses

Depreciation and amortization expenses includes depreciation and amortization expenses for all of our property and equipment, including leasehold improvements, capital leases and intangible assets.

Income from equity method investments

Represents our proportional share of income from investments which we do not majority own and therefore we account for under the equity method.

Loss on extinguishment of debt

Loss on extinguishment of debt includes the write-off of previously capitalized debt issuance costs and payment of prepayment penalties and other fees in conjunction with settling our existing debt at the time of the Acquisition.

Interest expense, net

Interest expense, net includes the debt service costs associated with our various debt instruments, including our term loans, ABL Facility and notes payable. Interest expense also includes the amortization of deferred financing fees, which are amortized over the term of the respective credit agreement utilizing the effective interest method.

Income tax benefit (expense)

Income tax benefit (expense) includes the recognized portion of current and deferred income taxes at a federal, state and local level.

Results of Operations

Fiscal Year 2020 Compared to the Fiscal Year 2019

The following table summarizes information derived from our audited Consolidated Statements of Loss and Comprehensive Loss for the periods indicated:

	Successor	Combined	Successor	Predecessor	Change	
	Fiscal Year	Fiscal Year	Period from	Period from	Fiscal Year 2020 vs.	
(dollars in thousands)	2020	2019	June 11 to	January 1 to	Fiscal Year 2019	
			December 31,	June 10, 2019	\$	%
			2019			
Revenues						
Net product sales	\$ 1,974,403	\$ 1,736,267	\$ 1,022,197	\$ 714,070	\$ 238,136	13.7%
Other revenue	1,690	1,616	672	944	74	4.6%
Total revenues	1,976,093	1,737,883	1,022,869	715,014	238,210	13.7%
Operating expenses						
Cost of goods sold	1,428,170	1,272,873	752,483	520,390	155,297	12.2%
Selling, general, and administrative expenses	440,089	432,574	241,461	191,113	7,515	1.7%
Depreciation and amortization expenses	71,409	57,514	33,353	24,161	13,895	24.2%
Total operating expenses	1,939,668	1,762,961	1,027,297	735,664	176,707	10.0%
Income (loss) from operations	36,425	(25,078)	(4,428)	(20,650)	61,503	(245.0%)
Income from equity method investments	1,053	1,085	804	281	(32)	(2.9%)
Loss on extinguishment of debt	—	(11,243)	—	(11,243)	11,243	NM
Interest expense, net	(75,668)	(71,126)	(45,034)	(26,092)	(4,542)	6.4%

	Successor	Combined	Successor	Predecessor	Change	
	Fiscal Year	Fiscal Year	Period from	Period from	Fiscal Year 2020 vs.	
(dollars in thousands)	2020	2019	June 11 to	January 1 to	Fiscal Year 2019	
			December 31,	June 10, 2019	\$	%
			2019			
Loss before income taxes	(38,190)	(106,362)	(48,658)	(57,704)	68,172	64.1%
Income tax benefit.....	7,434	10,458	10,294	164	(3,024)	(28.9%)
Net loss	\$ (30,756)	\$ (95,904)	\$ (38,364)	\$ (57,540)	\$ 65,148	(67.9%)

The following table summarizes information derived from our audited Consolidated Statements of Loss and Comprehensive Loss expressed as a percentage of total revenues for the periods indicated:

(dollars in thousands)	Fiscal Year	Fiscal Year
	2020	2019
Revenues		
Net product sales	99.9%	99.9%
Other revenue	0.1%	0.1%
Total revenues	100%	100%
Operating expenses		
Cost of goods sold.....	72.3%	73.2%
Selling, general, and administrative expenses.....	22.3%	24.9%
Depreciation and amortization expenses	3.6%	3.3%
Total operating expenses	98.2%	101.4%
Income (loss) from operations.....	1.8%	(1.4%)
Income from equity method investments	0.1%	0.1%
Loss on extinguishment of debt	0.0%	(0.6%)
Interest expense, net	(3.8%)	(4.1%)
Loss before income taxes	(1.9%)	(6.1%)
Income tax benefit.....	0.4%	0.6%
Net loss.....	(1.6%)	(5.5%)

The following discussion of our results of operations should be read in conjunction with the foregoing tables summarizing our consolidated results of operations and key performance measures.

Summary operating results

Net product sales

Total net product sales increased by \$238.1 million, or 13.7%, primarily driven by acquisitions in fiscal years 2020 and 2019. Base business net product sales decreased by \$16.7 million, or 1.1% from fiscal year 2019 to fiscal year 2020 primarily driven by a decrease in FSP net product sales as a result of COVID-19 as demand from hotel and restaurant markets softened for foodservice packaging. This decrease was offset by an increase in Jan-San net product sales as a result of COVID-19 as demand for cleaning supplies and chemicals, as well as PPE, increased.

Other revenue

Other revenue derived from sublease income was consistent on a year-over-year basis.

Cost of goods sold

Cost of goods sold for fiscal year 2020 was \$1,428.2 million, or 72.3% of total revenues, as compared to \$1,272.9 million, or 73.2% of total revenues for fiscal year 2019 resulting in an increase of \$155.3 million, or 12.2%. The cost of goods sold increase of \$155.3 million was primarily attributable to the increase in total revenues. The decrease of cost of goods sold as percentage of sales was primarily due to the change in product mix as a result of COVID-19 in fiscal year 2020 with a reduction in lower margin FSP product sales partially offset by higher margin Jan-San sales.

Selling, general and administrative expenses

Selling, general and administrative expenses for fiscal year 2020 increased \$7.5 million, or 1.7% to \$440.1 million, primarily due to increased operating expenses associated with our new acquisitions. As a percentage of total revenues, overall selling, general and administrative expenses decreased 2.6% in fiscal year 2020 when compared to fiscal year 2019 primarily due to the reduction in acquisition fees by \$44.8 million, which was driven by the Acquisition in fiscal year 2019.

Depreciation and amortization expenses

Depreciation and amortization expenses for fiscal year 2020 increased by \$13.9 million, or 24.2% to \$71.4 million, primarily due to higher depreciation and amortization expenses on tangible and identifiable intangible assets acquired through our business combinations, as well as the intangible assets recorded in the Acquisition, in fiscal year 2019 and 2020, respectively.

Income (loss) from operations

Overall, our operating income approximated \$36.4 million, or 1.8% as a percentage of total revenues, for fiscal year 2020, as compared to operating loss of \$25.1 million, or (1.4)% of total revenue, for fiscal year 2019. The primary driver of our increased operating income as a percentage of total revenue in fiscal year 2020 as compared to fiscal year 2019 was an increase in product sales in our Jan-San business which improved cost of goods sold as a percentage of sales, given the higher margin associated with our Jan-San business, by 100 basis points in fiscal year 2020 from fiscal year 2019. SG&A as a percentage of total revenues also decreased in fiscal year 2020 primarily due to the reduction in acquisition fees by \$44.8 million from the Acquisition in fiscal year 2019.

Income from equity method investments

Income from equity method investments was consistent on a year-over-year basis.

Loss on extinguishment of debt

Loss on extinguishment of debt for fiscal year 2020 decreased by \$11.2 million as there were no debt obligations extinguished in fiscal year 2020. The loss on extinguishment of debt in fiscal year 2019, including \$3.8 million in prepayment penalties and fees, related to the extinguishment of debt instruments previously held by the Predecessor Company as part of the Acquisition.

Interest expense, net

Interest expense, net for fiscal year 2020 increased by \$4.5 million, or 6.4% to \$75.7 million, primarily as a result of an increase in average outstanding borrowings and additional interest expense related to interest rate swaps we entered into during the Successor period. The increase was partially offset by lower average interest rates for our Term Loan Facility during fiscal year 2020.

Income tax benefit

Income tax benefit for fiscal year 2020 decreased by \$3.0 million, or (28.9)% to a \$7.4 million income tax benefit, primarily as a result of a decrease in the effective tax rate to 19.5% for the year ended December 31, 2020 compared to 21.1% for the year ended December 31, 2019. This is primarily driven by a decrease in the state tax component of the effective tax rate partially offset by federal and state return to provision adjustments.

Net loss

Net loss for fiscal year 2020 decreased by \$65.1 million, or 67.9% to \$30.8 million. The decrease was primarily driven by higher net product sales and the absence of debt extinguishment charges and acquisition fees associated with the Acquisition in fiscal year 2020.

Fiscal Year 2019 Compared to the Fiscal Year 2018

The following table summarizes information derived from our audited Consolidated Statements of Loss and Comprehensive Loss for the periods indicated:

(dollars in thousands)	Combined	Successor	Predecessor	Predecessor	Change	
	Fiscal Year 2019	Period from June 11 to December 31, 2019	Period from January 1 to June 10, 2019	Fiscal Year 2018	Fiscal Year 2019 vs. Fiscal Year 2018	
					\$	%
Revenues						
Net product sales.....	\$ 1,736,267	\$ 1,022,197	\$ 714,070	\$ 1,472,814	\$ 263,453	17.9%
Other revenue.....	1,616	672	944	1,491	125	8.4%
Total revenues.....	1,737,883	1,022,869	715,014	1,474,305	263,578	18.0%
Operating expenses						
Cost of goods sold.....	1,272,873	752,483	520,390	1,083,173	189,700	17.5%
Selling, general, and administrative expenses	432,574	241,461	191,113	316,059	116,515	36.9%
Depreciation and amortization expenses	57,514	33,353	24,161	51,644	5,870	11.4%
Total operating expenses.....	1,762,961	1,027,297	735,664	1,450,876	312,085	21.5%
Income (loss) from operations.....	(25,078)	(4,428)	(20,650)	23,429	(48,507)	(207.0%)
Income from equity method investments	1,085	804	281	644	411	68.5%
Loss on extinguishment of debt	(11,243)	—	(11,243)	—	(11,243)	NM
Interest expense, net	(71,126)	(45,034)	(26,092)	(53,483)	(17,643)	33.0%
Loss before income taxes	(106,362)	(48,658)	(57,704)	(29,410)	(76,952)	267.7%
Income tax benefit.....	10,458	10,294	164	187	10,271	5,492.5%
Net loss	\$ (95,904)	\$ (38,364)	\$ (57,540)	\$ (29,223)	\$ (66,681)	228.2%

The following table summarizes information derived from our audited Consolidated Statements of Loss and Comprehensive Loss expressed as a percentage of total revenues for the periods indicated:

(dollars in thousands)	Fiscal Year 2019	Fiscal Year 2018
Revenues		
Net product sales	99.9%	99.9%
Other revenue	0.1%	0.1%

Total revenues	100%	100%
Operating expenses		
Cost of goods sold	73.2%	73.5%
Selling, general, and administrative expenses	24.9%	21.4%
Depreciation and amortization expenses	3.3%	3.5%
Total operating expenses	101.4%	98.4%
Income (loss) from operations	(1.4%)	1.6%
Income from equity method investments	0.1%	0.0%
Loss on extinguishment of debt	(0.6%)	0.0%
Interest expense, net	(4.1%)	(3.6%)
Loss before income taxes	(6.1%)	(2.0%)
Income tax benefit	0.6%	0.0%
Net loss	(5.5%)	(2.0%)

The following discussion of our results of operations should be read in conjunction with the foregoing tables summarizing our consolidated results of operations and key performance measures.

Summary operating results

Net product sales

Total net product sales increased by \$263.5 million, or 17.9%, primarily driven by acquisitions in fiscal years 2019 and 2018. Base business net product sales increased by \$120.5 million, or 8.8% from fiscal year 2018 to fiscal year 2019 driven by an increase in both FSP and Jan-San net product sales as demand from end users in both markets increased.

Other revenue

Other revenue derived from sublease income was consistent on a year-over-year basis.

Cost of goods sold

Cost of goods sold for fiscal year 2019 was \$1,272.9 million, or 73.2% of total revenues, as compared to \$1,083.2 million, or 73.5% of total revenues for fiscal year 2018 resulting in an increase of \$189.7 million, or 17.5%. The cost of goods sold increase of \$189.7 million was primarily attributable to the increase in total revenues.

Selling, general and administrative expenses

Selling, general and administrative expenses for fiscal year 2019 increased \$116.5 million, or 36.9% to \$432.6 million, primarily due to increased operating expenses associated with our new acquisitions. As a percentage of total revenues, overall selling, general and administrative expenses increased 3.5% in fiscal year 2019 when compared to fiscal year 2018 primarily due to \$44.8 million in acquisition fees related to the Acquisition in fiscal year 2019.

Depreciation and amortization expenses

Depreciation and amortization expenses for fiscal year 2019 increased by \$5.9 million, or 11.4% to \$57.5 million, primarily due to higher depreciation and amortization expenses on tangible and identifiable intangible assets acquired through our business combinations as well as the intangible assets recorded in the Acquisition in fiscal year 2019.

Income (loss) from operations

Overall, our operating loss approximated \$25.1 million, or (1.4)% as a percentage of total revenues, for fiscal year 2019, as compared to operating income of \$23.4 million, or 1.6% of total revenue, for fiscal year 2018. The primary driver of our increased operating income as a percentage of total revenue in fiscal year 2019 as compared to fiscal year 2018 was primarily due to \$44.8 million in acquisition fees related to the Acquisition in fiscal year 2019.

Income from equity method investments

Income from equity method investments was consistent on a year-over-year basis.

Loss on extinguishment of debt

Loss on extinguishment of debt for fiscal year 2019 was \$11.2 million, including \$3.8 million in prepayment penalties and fees, related to the extinguishment of debt instruments previously held by the Predecessor Company as part of the Acquisition. There were no debt obligations extinguished in fiscal year 2018.

Interest expense, net

Interest expense, net for fiscal year 2019 increased by \$17.6 million, or 33.0% to \$71.1 million, primarily as a result of an increase in average outstanding borrowings and additional interest expense related to interest rate swaps we entered into during the Successor period.

Income tax benefit (expense)

Income tax benefit (expense) for fiscal year 2019 increased by \$10.3 million, or 5,492.5% to a \$10.5 million income tax benefit, primarily as a result of the Company being treated as a limited liability company for income tax purposes in 2018. Subsequent to June 11, 2019, the Company was treated as a C corporation for income tax purposes.

Net loss

Net loss for fiscal year 2019 increased by \$66.7 million, or 228.2% to \$95.9 million. The increase was primarily driven by \$11.2 million of debt extinguishment charges and \$44.8 million of acquisition fees associated with the Acquisition in fiscal year 2019, offset by an increase in income tax benefit of \$10.3 million in fiscal year 2019 as compared to fiscal year 2018.

Non-GAAP Financial Measures: Base Business Net Product Sales

In addition to our results of operations prepared in accordance with GAAP, which we have discussed above, we also evaluate our financial performance using Base business net product sales.

Base business net product sales is a non-GAAP financial measure and is not intended to replace financial performance measures determined in accordance with GAAP, such as net product sales or income (loss) income from operations. Rather, we present Base business net product sales as a supplemental measure of our performance. We define Base business net product sales as net product sales excluding the impact of acquisitions from the year presented and other intercompany adjustments. As a non-GAAP financial measure, our computation of our Base business net product sales may vary from similarly termed non-GAAP financial measures used by other companies, making comparisons with other companies on the basis of this measure impracticable.

Management believes our computation of our Base business net product sales is helpful in highlighting trends in our legacy operating performance. We use our Base business net product sales to assess operating performance and make business decisions.

Given our determination of adjustments in arriving at our computation of our Base business net product sales, this non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute or alternative to net income or loss, revenue, operating income or loss, cash flows from operating activities, total indebtedness or any other financial measures calculated in accordance with GAAP.

The following tables reconcile net product sales to Base business net product sales:

			Change	
			Fiscal Year 2020 vs.	
			Fiscal Year 2019	
	Fiscal Year 2020	Fiscal Year 2019	\$	%
(dollars in thousands)				
Net product sales	\$ 1,974,403	\$ 1,736,267	\$ 238,136	13.7%
Net product sales from acquisitions	(486,435)	(231,608)	(254,827)	110.0%
Base business net product sales.....	<u>\$ 1,487,968</u>	<u>\$ 1,504,659</u>	<u>\$ (16,691)</u>	<u>(1.1%)</u>

			Change	
			Fiscal Year 2019 vs.	
			Fiscal Year 2018	
	Fiscal Year 2019	Fiscal Year 2018	\$	%
(dollars in thousands)				
Net product sales	\$ 1,736,267	\$ 1,472,814	\$ 263,453	17.9%
Net product sales from acquisitions	(231,608)	(88,668)	(142,940)	161.2%
Base business net product sales.....	<u>\$ 1,504,659</u>	<u>\$ 1,384,146</u>	<u>\$ 120,513</u>	<u>8.8%</u>

Liquidity and Capital Resources

Liquidity is defined as the ability to generate adequate amounts of cash to meet short-term and long-term cash needs. We assess our liquidity in terms of our ability to generate cash to fund our operating activities, taking into consideration the seasonal nature of our business. Significant factors which could affect our liquidity include the following:

- cash flows generated from operating activities;
- borrowing capacity under our ABL facility;
- acquisitions;
- capital expenditures; and
- the ability to attract long-term capital with satisfactory terms.

Our primary capital needs are working capital obligations, debt repayment obligations and other general corporate initiatives, including acquisitions. Our primary working capital obligations are for the purchase of inventory, payroll, rent, other facility costs and selling and administrative expenses. Our working capital obligations fluctuate during the year, driven primarily based on timing of inventory purchases. Our primary sources of working capital are cash from operations supplemented by bank borrowings, which have historically been sufficient to support our growth and finance acquisitions. The same principle applies to funds used for capital expenditures.

Cash Flows

The following table summarizes the operating, investing, and financing cash flow activities from the consolidated statements of cash flows for fiscal years 2020 and 2019:

(dollars in thousands)	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Net cash used in or provided by operating activities..	\$ 21,925	\$ (1,858)	\$ 16,849
Net cash used in investing activities.....	\$ (288,535)	\$ (1,398,514)	\$ (63,514)
Net cash provided by financing activities	\$ 312,914	\$ 1,413,846	\$ 48,141

Operating Activities

Net cash provided by operating activities for fiscal year 2020 increased by \$23.8 million in fiscal year 2020, due to the improvement in operating results, increase in depreciation and amortization, and variances in changes in operating assets and liabilities in 2020 compared to 2019 due to timing of normal operations.

Net cash used in operating activities for fiscal year 2019 increased by \$18.7 million in fiscal year 2019, due to an increase in net loss and variances in changes in operating assets and liabilities in 2019 compared to 2018 due to timing of normal operations.

Investing Activities

For fiscal year 2020, net cash used in investing activities was \$288.5 million, attributable to strategic acquisitions of businesses, net of cash acquired of \$277.9 million and capital expenditures of \$10.6 million.

For fiscal year 2019, net cash used in investing activities was \$1,398.5 million, primarily attributable to the Acquisition on June 11, 2019. Cash used for the Acquisition was \$1,287 million, net of cash acquired and noncash contributions.

For fiscal year 2018, net cash used in investing activities was \$63.5 million, primarily attributable to strategic acquisitions of businesses, net of cash acquired of \$56.7 million and capital expenditures of \$7.1 million.

Financing Activities

For fiscal year 2020, net cash provided by financing activities was \$312.9 million, primarily attributable to \$333.9 million of proceeds from the issuance of a new term loan used to fund strategic acquisitions and paydown outstanding borrowings under our ABL Facility, net of \$7.8 million related to repayments of outstanding term loans.

For fiscal year 2019, net cash provided by financing activities was \$1,413.8 million, primarily attributable to \$910 million of proceeds from the issuance of the First Lien Term Loan and the Second Lien Term Loan used to fund the Acquisition, as well as \$482.0 million related to the issuance of equity in connection with the Acquisition.

For fiscal year 2018, net cash provided by financing activities was \$48.1 million, primarily attributable to \$45.1 million of net proceeds from long term-debt issuances and \$22.6 million of net borrowings under the Predecessor's revolver. This was partially offset by \$7.4 million of distributions to Predecessor members, \$7.0 million in capital lease repayments, and deferred purchase price payments of \$5.6 million related to previous acquisitions.

External Financing

ABL Facility

The ABL Credit Agreement provides for up to \$245.0 million in availability and matures on June 11, 2024. There was no outstanding balance on the ABL Facility as of December 31, 2020. Borrowings under the ABL Facility bear interest, at the borrower's option, at a rate per annum equal to either LIBOR (subject to a 0.00% floor) or a base rate determined by reference to the highest of (1) the U.S. prime lending rate as published in the Wall Street Journal, (2) the federal funds effective rate plus 1/2 of 1% and (3) the LIBOR rate for a one month interest period plus 1.00% ("ABR") for the interest period relevant to such borrowing, plus an applicable margin ranging from 1.50% to 2.00% in the case of LIBOR loans and 0.50% to 1.00% in the case of ABR loans depending on the average daily excess availability.

Term Loan

On June 11, 2019, we entered into term loan credit agreements which provided for the First Lien Term Loan and the Second Lien Term Loan. The outstanding amounts of the First Lien Term Loan and the Second Lien Term Loan as of December 31, 2020 were \$960.6 million and \$300.0 million, respectively. The First Lien Term Loan was entered into on June 11, 2019. The First Lien Term Loan is payable in quarterly installments of 0.25% of the aggregate principal balance and currently bears interest based on LIBOR (subject to a 0.00% floor) plus 4.0%. The Incremental First Lien Term Loan was provided on December 15, 2020 and had an outstanding balance of \$180.0 million as of December 31, 2020. For the Term Loan Facility, we can elect, at its option, the applicable interest rate for borrowings using a variable interest rate based on either LIBOR (subject to the floors specified herein) or ABR for the interest period relevant to such borrowing, plus an applicable margin. The Incremental First Lien Term Loan is payable in quarterly installments of 0.25% of the aggregate principal balance and bears interest based on LIBOR (subject to a 0.75% floor) plus 4.25%. As of December 31, 2020, the effective interest rate of the Term Loan Facility was 4.31% per annum. The Term Loan Facility matures on June 11, 2026. The Second Lien Term Loan has no required principal payments until maturity and bears interest based on LIBOR (subject to a 0.00% floor) plus 8.0%. The Second Lien Term Loan matures on June 11, 2027. As of December 31, 2020, the effective interest rate of the Second Lien Term Loan was 8.15% per annum.

We have delayed draw term loans available to us under the First Lien Term Loan and the Second Lien Term Loan (collectively, "Delayed Draw Term Loans" and separately, "First Lien Delayed Draw" and "Second Lien Delayed Draw", respectively). We have drawn \$130.0 million of the \$130.0 million available to us under the First Lien Delayed Draw as of December 31, 2020. The First Lien Delayed Draw is payable in quarterly installments of 0.25% of the aggregate principal balance and interest is being charged based on LIBOR (subject to a 0.00% floor) plus 4.0%, consistent with the First Lien Term Loan. As of December 31, 2020, the effective interest rate of the First Lien Delayed Draw was 4.15% per annum.

We have drawn \$50.0 million of the \$50.0 million available to us under the Second Lien Delayed Draw as of December 31, 2020. The Second Lien Delayed Draw requires no quarterly principal installments and interest is charged based on LIBOR (subject to a 0.00% floor) plus 8.0%, consistent with the Second Lien Term Loan. As of December 31, 2020, the effective interest rate of the Second Lien Delayed Draw was 8.15% per annum.

Amounts drawn under the Delayed Draw Term Loans were primarily used to fund acquisitions and the principal balances are included with those amounts disclosed above for the First Lien Term Loan and Second Lien Term Loan, respectively.

We were in compliance with all covenants related to Term Loan Facility and the Second Lien Term Loan at the end of fiscal year 2020 and the end of fiscal year 2019, respectively. See also "Description of Existing Indebtedness."

In July 2017, the U.K. Financial Conduct Authority, the regulator of the LIBOR, indicated that it will no longer require banks to submit rates to the LIBOR administrator after 2021 ("LIBOR Phaseout"). This announcement signaled that the calculation of LIBOR and its continued use could not be guaranteed after 2021 with

an anticipated cessation date of June 30, 2023. A change away from LIBOR may impact our Senior Secured Credit Facilities. We continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate. The impact related to any changes cannot be predicted at this time. See “Risk Factors—Risks Related to Our Indebtedness and the Notes—Increases in interest rates would increase the cost of servicing our debt and could reduce our profitability.”

Commitments and contractual obligations

The following table provides a summary of our commitments and contractual obligations for debt, minimum lease payment obligations under non-cancelable leases, and other obligations as of December 31, 2020:

(in thousands)	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations ⁽¹⁾	\$ 1,260,651	\$ 9,648	\$ 19,212	\$ 19,212	\$ 1,212,580
Interest on long-term debt ⁽²⁾	358,342	64,457	127,706	126,095	40,085
Operating leases	170,554	49,808	49,817	33,936	55,575
Capital leases ⁽³⁾	40,022	11,095	16,237	9,871	2,819
Total	\$ 1,830,088	\$ 116,535	\$ 213,109	\$ 189,250	\$ 1,311,194

- (1) These amounts exclude the debt issuance costs and debt discounts of \$36.3 million. For additional information refer to “Note 7 Long-Term Debt” in the notes to our audited consolidated financial statements included elsewhere in this offering memorandum.
- (2) Interest payments on debt are calculated for future periods using interest rates in effect as of December 31, 2020. Certain of these projected interest payments may differ in the future based on changes in variable interest rates or other factors and events. The projected interest payments only pertain to obligations and agreements outstanding as of December 31, 2020. Refer to “Note 7 Long-Term Debt” in the notes to our audited consolidated financial statements included elsewhere in this offering memorandum for further information regarding our debt instruments.
- (3) For additional information with respect to leases, refer to “Note 9 Commitments and Contingencies” in the notes to our audited consolidated financial statements included elsewhere in this offering memorandum.

Off-balance sheet arrangements

As of December 31, 2020, we did not have any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical accounting policies and estimates

Management’s discussion and analysis of financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions. At least annually, management reevaluates its judgments and estimates, which are based on historical experience, current trends, and various other assumptions that are believed to be reasonable under the circumstances.

Our significant accounting policies are discussed in Note 2 to our audited consolidated financial statements included elsewhere in this offering memorandum. Management believes that the following accounting policies include a higher degree of judgment and/or complexity and, thus, are considered critical accounting policies. Management has discussed the development, selection and disclosure of our critical accounting estimates with the Audit Committee of our Board. Our critical accounting estimates are discussed below, including, to the extent material and reasonably available, the impact such estimates have had, or are reasonably likely to have, on our financial condition or results of operations.

Allowance for doubtful accounts

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of customers to make required payments. We typically do not require our customers to provide collateral. Accounting for doubtful accounts contains uncertainty because management must use judgment to assess the collectability of their accounts. When preparing these estimates, management considers several factors, including the aging of a customer's account, past transactions with customers, historical collection trends, and other information, including information we obtain during our collection efforts around specific customers' business and economic conditions. We provide reserves for uncollectible accounts based on our accounts receivable aging. These reserves range from approximately 2% for amounts currently due to up to 100% for specific accounts more than 120 days past due.

The allowance for doubtful accounts was \$11.0 million and \$6.5 million at December 31, 2020 and December 31, 2019, respectively, an increase of \$4.5 million. Accounts receivable balances greater than 120 days past due as a percent of accounts receivable at December 31, 2020 increased to 10.5% from 6.2% at December 31, 2019. These increases were primarily attributable to slower collections related to active customers within the foodservice packaging business. In addition, we believe there is increased risk associated with collections on certain outstanding receivables as a result of COVID-19, and as a result, we have incurred an additional allowance for doubtful accounts of \$3.8 million in fiscal year 2020 for customers who have stopped making payments. This \$3.8 million represents approximately 85% of the total accounts receivables balances related to customers who are inactive.

During the year, we write off account balances when we have exhausted reasonable collection efforts and determined that the likelihood of collection is remote. These write-offs are charged against our allowance for doubtful accounts. In the past three years, write-offs have averaged less than 0.12% of net sales annually. We expect that write-offs will not materially increase as a percentage of net sales in 2021.

Although we believe the allowance for doubtful accounts is within a range of acceptable estimates, a decline in economic conditions could lead to the deterioration in the financial condition of our customers, resulting in an impairment of their ability to make payments and requiring additional allowances that could materially impact our consolidated results of operations. We believe our exposure to customer credit risk is limited due to the large number of customers comprising our customer base and their dispersion across many different geographical regions.

Vendor programs

We enter into vendor arrangements that provide for us to receive specified amounts of consideration when we achieve certain contractually agreed-upon measures. These measures generally relate to the volume level of purchases from our vendors, net price paid to our vendors, or our sale of certain products to customers and may include negotiated pricing arrangements. We account for vendor arrangements as a reduction of the prices of the vendor's products and therefore a reduction of inventory until we sell the product, at which time we recognize such consideration as a reduction of cost of sales.

Accounting for vendor consideration includes uncertainty since we estimate the amount earned based on our actual purchases plus our forecast of total remaining purchases for the year relative to the purchase levels stated in the vendor arrangements. We accrue vendor consideration on a monthly basis using these estimates provided that we determine they are probable and reasonably estimable. Our estimates for annual purchases, future inventory levels and sales of qualifying products are driven by our sales projections, which can be significantly impacted by a number of external factors including changes in economic conditions. Changes in our purchasing mix also impact our estimates, as certain program rates can vary depending on our volume of purchases from specific vendors.

We continually revise these estimates throughout the year to reflect newly executed agreements, actual purchase levels and identifiable trends. As a result, our estimated monthly vendor consideration accrual may include cumulative catch-up adjustments to reflect any changes in our estimates between reporting periods. These adjustments tend to have a greater impact on gross margin in the second half of the year because the majority of our vendor arrangements are based on calendar year periods. We update our estimates for these arrangements at year end to reflect actual annual purchase or sales levels. In the first quarter of the subsequent year, we prepare a

retrospective review by comparing actual vendor consideration received to the prior year vendor receivable balances. There were no material adjustments recorded within fiscal year 2020 or fiscal year 2019.

If market conditions were to change, vendors may change the terms of some or all of these programs. Although such changes would not affect the amounts we have recorded related to products already purchased, they may lower or raise our cost for products purchased and sold in future periods.

Fair value of acquisition-related intangible assets

We allocate the purchase price of acquired businesses to tangible and intangible assets and liabilities based on their estimated fair values. In determining fair value of identifiable intangible assets, management is required to make estimates and assumptions that affect the recorded amounts. Management's estimates of fair value are based on assumptions believed to be reasonable but that are inherently uncertain. As part of the estimation process, third-party valuation specialists are engaged to assist in the valuation of these identifiable intangible assets.

Our judgments used to determine the estimated fair value assigned to each identifiable intangible asset, as well as asset lives and depreciation and amortization methods, have a material impact on our consolidated financial statements. For instance, the determination of asset lives impacts our consolidated statements of loss and comprehensive loss as different types of identifiable intangible assets have different useful lives.

Identifiable intangible assets primarily consist of our estimates of fair value for finite-lived customer relationships. Customer relationships were valued using a discounted cash flow analysis that involves significant judgment, including the estimate of future cash flows and the selection of discount rates. This measure of fair value also requires considerable judgments about future events, including attrition, contract renewal estimates and technology changes.

In determining the estimated lives and method of amortization for finite-lived intangibles, we use a method and life that closely follows the undiscounted cash flows over the estimated life of the asset.

Valuation and impairment testing of goodwill

Goodwill represents the excess of the amount we paid to acquire a company over the estimated fair value of tangible assets and identifiable intangible assets acquired, less liabilities assumed.

We perform a goodwill impairment test in the fourth quarter of each year or on a more frequent basis if events or changes in circumstances occur that indicate potential impairment. To the extent the carrying value of a reporting unit is greater than its estimated fair value, we record a goodwill impairment charge for the difference, up to the carrying value of the goodwill. We recognize any impairment losses in operating income. For assessing goodwill impairment, we are comprised of a single reporting unit.

We estimate the fair value of our reporting unit based on an income approach that incorporates our assumptions for determining the present value of future cash flows in addition to the market approach with 33% weighted towards the income approach and 67% weighted towards the market approach. We project future cash flows under the income approach using management's assumptions for sales growth rates, operating margins and discount rates. These estimates can significantly affect the outcome of our impairment test. We also review for potential impairment indicators at the one reporting unit level based on an evaluation of recent historical operating trends, current and projected local market conditions and other relevant factors as appropriate.

In the fourth quarter of fiscal years 2020 and 2019, we performed our annual goodwill impairment test and did not recognize any goodwill impairment at the reporting unit level.

If our assumptions or estimates in our fair value calculations change or if operating results are less than forecasted, we could incur impairment charges in future periods. Impairment charges would decrease operating income and result in lower asset values on our balance sheet.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets are also recognized for operating losses and tax credit carry forwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates applicable in the years in which they are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax law is recognized in income in the period that includes the enactment date.

New Accounting Standards

Refer to Note 2 to our audited consolidated financial statements included elsewhere in this offering memorandum for a discussion of recently adopted accounting standards.

Quantitative and qualitative disclosures about market risk

Our earnings are subject to market risks, including interest rate risk and credit risk. We use derivative instruments as risk management tools and not for trading purposes.

Interest Rate Risk

We are exposed to changes in short-term interest rates because of the variable interest rates on our ABL Facility, Term Loan Credit Agreement and Second Lien Term Loan. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we entered into interest rate swap agreements in fiscal year 2020 with financial institutions that have investment grade credit ratings, thereby minimizing credit risk associated with these instruments. On an annual basis, a hypothetical 1.0% change in interest rates for the \$462.6 million of unhedged variable rate debt as of December 31, 2020 would affect interest expense by approximately \$4.6 million. For information about our debt arrangements and interest rate swaps, see Note 7 and Note 11 in the notes to our audited consolidated financial statements included elsewhere in this offering memorandum.

Credit Risk

We closely monitor our exposure to credit risk on an ongoing basis as we provide credit terms to customers.

In the normal course of business, we reduce our exposure to this risk by performing regular credit evaluations on customers, maintaining reserves for potential credit losses and have a credit policy in place.

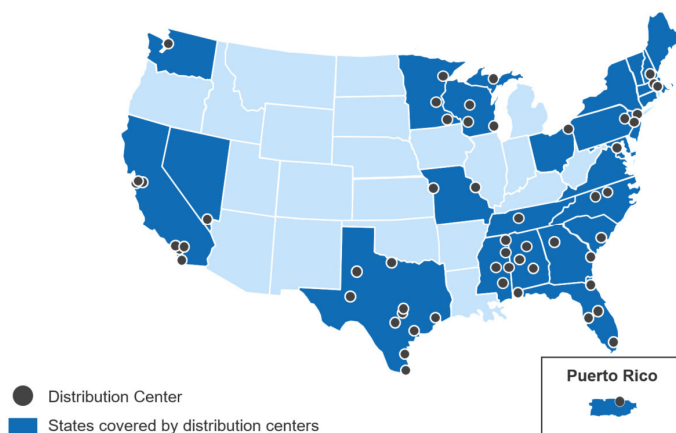
BUSINESS

Our Company

We are the largest pure-play specialty distributor of FSP and Jan-San products in the United States. We serve as a mission-critical partner to approximately 65,000 customers, providing product expertise and technical know-how across a portfolio of over 60,000 SKUs. We have deeply entrenched supplier relationships and serve as the critical link between hundreds of suppliers and thousands of customers.

Our complementary product offering provides a one-stop shop for customers across a broad range of growing end markets including grocery and convenience stores, foodservice, hospitality, healthcare, and education. Our core FSP products include food containers and trays, paper and plastic bags, cups, plates, bowls, cutlery, films, wraps, while our core Jan-San products include a broad range of cleaning supplies and chemicals, as well as PPE and food safety products. Due to our unparalleled scale and flexibility, we are able to provide eco-friendly alternatives across a wide range of our products allowing us to stay at the forefront of legislation and industry trends. Additionally, we offer private label products through our Victoria Bay brand, comprising over 1,300 SKUs. We are a critical, value-added partner to both our suppliers and customers that leverages our unique perspective across end-customer preferences, behavior changes and regulatory developments to help them make important decisions about their businesses.

We have a national footprint of 60 warehouses and 20 cross-docks, strategically located across the United States, totaling over 4.5 million square feet of warehouse space. We have a highly experienced sales team of over 650 personnel and 40 equipment technicians. We continue to realize significant efficiencies as we migrate our footprint to a single ERP system, S2K, and consolidate selected smaller facilities into larger supersites. We also operate a fleet of over 1,000 delivery vehicles and trailers, delivering over 3.5 million orders annually on a next day basis. Our fleet can profitably serve customers within approximately 150 miles of a warehouse and 50 miles of a cross-dock.



With a structurally advantaged business model, we believe that our customers choose us for a number of reasons, including breadth and availability of our competitively priced products, technical expertise and support, geographic footprint, and consistent and timely delivery. Our ability to serve as a one-stop shop for all FSP and Jan-San needs allows our customers to consolidate distributors and simplify procurement management, which differentiates us from national broadline distributors and smaller specialty distributors, who may not have the product breadth or expertise to effectively compete.

For the twelve months ended December 31, 2020, we reported Management Pro Forma Revenue and Management Pro Forma Adjusted EBITDA of \$2,432 million, and \$227.9 million, respectively. Please refer to the “Summary Historical Consolidated Financial Data” for additional detail.

Our History

Robert and Jason Tillis acquired Imperial Bag & Paper Company in 2007 and implemented an aggressive growth strategy to scale from one facility servicing the Northeast, to eighty facilities nationwide with the ability to service customers from coast-to-coast. In 2016, after completing six acquisitions and roughly tripling in size, the Company partnered with Audax Private Equity to further accelerate growth. In 2017, Imperial Bag & Paper completed the transformational acquisition of Dade Paper, forming a leading independent platform in the U.S. and rebranding as Imperial Dade. Together, Audax and the Company completed sixteen acquisitions, including Dade Paper, which provided greater density in the markets already being served and access to new end markets and geographies. In June 2019, Bain Capital acquired a majority stake in Imperial Dade and since then has completed twelve acquisitions in the highly fragmented space.

Our Products

We sell our products across two highly complementary categories: FSP and Jan-San.

Foodservice Packaging

FSP is our largest offering with an expansive portfolio with over 60,000 SKUs. Sourced from an extensive network of domestic and international suppliers, our FSP offering spans a wide variety of product types and various price points, catering to our diverse end markets including restaurants, grocery and convenience stores, healthcare, educational institutions, hospitality, cruise lines, and many others. Our products include containers, cups, bags, plates and bowls, films and wraps, custom printed items, trays, cutlery and other products.

Our expansive product breadth, including eco-friendly and customizable SKUs, is differentiated versus national broadline distributors and smaller specialty distributors that typically only offer a fraction of the SKUs we do. Increasingly, customers seek customized products tailored to their needs, and turn to us to work with manufacturers to create and deliver these products. Our scale, supplier relationships, resources and national footprint allow us to capitalize on these opportunities and drive organic growth.

Janitorial Sanitation

With a complete product suite to support our customers' facility maintenance and sanitation programs, our Jan-San offering is highly complementary to our FSP products, providing significant cross-sell opportunities. Our products include towels and tissues, chemicals and soaps, liners, hygiene apparel, janitorial supplies, dispensers and other equipment.

We determine product requirements with customers through on-site product consultations aimed at helping customers optimize efficiency and comply with health and safety standards. Our sales professionals bring deep technical and end market expertise to ensure that customers comply with regulations, particularly in areas such as hygiene and food preparation. This high-touch, collaborative approach, further differentiates our product and service offering versus competitors.

We also offer a range of additional value-add services, including equipment installation, repairs and maintenance, and chemical consulting services. Jan-San equipment and servicing is a significant differentiator from both smaller specialty distributors, who lack the resources to invest in services, and national broadline distributors, who cannot profitably provide the same level of service and attention.

Victoria Bay Private Label Offering

Victoria Bay, our private label offering, provides a full suite of Jan-San equipment and consumables. These products are sourced from established domestic and international suppliers who provide an extensive variety of SKUs, including a full range of environmentally friendly solutions.

Victoria Bay generated approximately \$193 million in sales in 2020, representing approximately 9% of Pro Forma Revenue. Products sold under the Victoria Bay brand are typically priced to generate meaningfully higher gross margin on a normalized basis than comparable third-party branded products at equivalent or higher quality.

We continue to evaluate additional product categories to further expand our private label offering, having previously launched a line of Victoria Bay branded masks, nitrile gloves, disposable cups, napkins and towels.

End Markets

Our portfolio provides a one-stop shop for customers across a broad range of growing resilient end markets.

Grocery & C-Store

Represents supermarket, grocery and convenience retail stores that primarily sell food, often including hot and cold prepared food.

Foodservice

Represents fast casual and full service restaurants including dine-in, take-out and delivery.

Hospitality & Entertainment

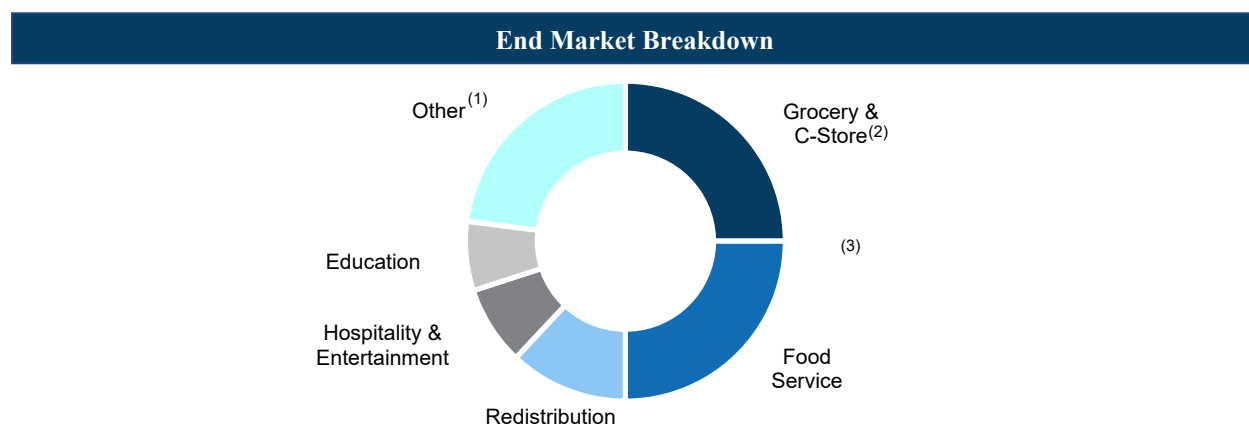
Represents facilities that provide accommodations for guests, primarily hotels and cruise lines.

Education

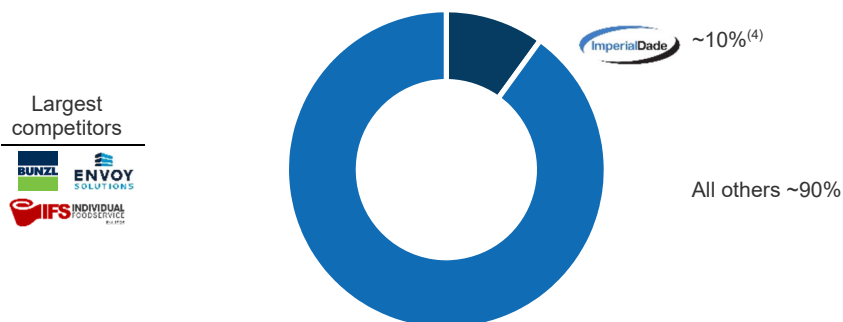
Represents schools, including K-12 education, as well as post-secondary institutions.

Other

Includes healthcare, institutional dining, facilities management, corporate, among others.



Market Share by Total Sales



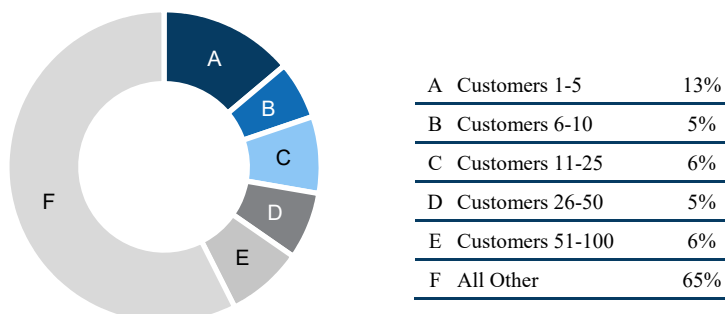
- (1) Includes healthcare, institutional dining, facilities management, corporate, among others.
- (2) Includes supermarket chains, grocery stores, and convenience stores.
- (3) Includes fast casual and full service restaurants, including dine-in, take-out and delivery.
- (4) Based on Management Pro Forma Revenue of approximately \$2.4 billion for fiscal year 2020 and an estimated addressable market of over \$25 billion (based on a 2018 third-party study commissioned by the Company).

Our Customers

We are a value-add partner to approximately 65,000 customers across various end markets and geographies, ranging from large, national chains to local independent operators. Enabled by our broad product offering, expertise, service capabilities and geographic footprint, we have deeply entrenched relationships with our customers, with average tenure of approximately 14 years among our top 10 customers. Our customer base is fragmented, with the top 10 customers representing approximately 17% of total sales, and the top 100 customers representing approximately 35% of total sales. Furthermore, our customer purchasing patterns are diverse, as over 75% of our customers purchase both FSP and Jan-San products and approximately 46% of our customers purchase private label products.

We provide unique solutions for our customers through a high-touch, consultative sales approach and ongoing account management. We offer a full suite of products, superior logistics infrastructure, and digital ordering platform that can integrate seamlessly with customers' ERP systems. Many of our customers are independent operators that rely on our value-add sales approach to effectively manage day-to-day operations. As we continue to scale, meaningful opportunities exist to further increase share with large national and super regional customers.

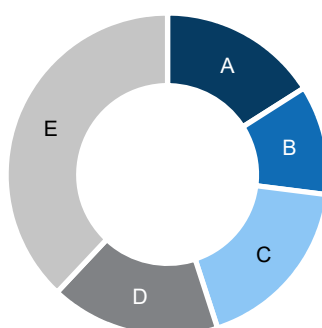
Customer Breakdown



Our Suppliers

We are a critical partner to our more than 600 suppliers, providing superior, single-point access to a vast and growing customer base. Our scale, extensive reach, and superior salesforce uniquely position us to help suppliers introduce new products and increase penetration with customers. We have deep relationships with our suppliers. Our team of 60 procurement specialists manages these relationships and works closely with suppliers to facilitate new product launches. As a result, we enjoy a stable supplier base and have been able to access lower prices and more favorable rebate programs over time.

Supplier Breakdown



A	Suppliers 1-5	16%
B	Suppliers 6-10	11%
C	Suppliers 11-25	18%
D	Suppliers 26-50	17%
E	All Other	38%

Our Technology Infrastructure

We utilize a sophisticated IT infrastructure that allows for effective, data-driven management and is scalable to support future acquisitions and growth. We initially implemented our S2K ERP system at legacy Imperial Bag & Paper in 2013, which has allowed us to continue growing through this proven, distribution-focused platform. In addition, we leverage technology in areas such as sales and our customer-facing interface, logistics, routing, and fleet monitoring.

Our Fleet

To serve our diverse customer base, we operate a fleet of over 1,000 delivery vehicles including straight trucks, tractors, trailers, and light vehicles, and we employ approximately 700 drivers. On average, the fleet distributes \$9,000 to \$13,000 sales per route. We maintain participating customers' facility keys and alarm codes, allowing our drivers to service customers during non-operational hours, highlighting the high-touch approach that differentiates us with our customers.

We lease the majority of our fleet, with leases fully covering required maintenance and service. We utilize a third-party maintenance and repair service to minimize downtime and maintain high utilization rates at low costs. In addition, we use monitoring technology to help minimize accidents and ensure responsible driver behavior. On occasion, we will hedge fuel to minimize impact from commodity price volatility.

Our Employees

We employ over 3,300 employees, with the majority being full-time. We have 442 employees that are unionized, with union employees located in Jersey City, New Jersey and Racine, Wisconsin. Management maintains excellent relationships with the unions and has never experienced a work stoppage or labor dispute. We maintain a multi-employer union pension plan, which is over-funded as of December 31, 2020. We expect discussions regarding contract renewal to commence in August of this year, and expect no material changes or issues. We

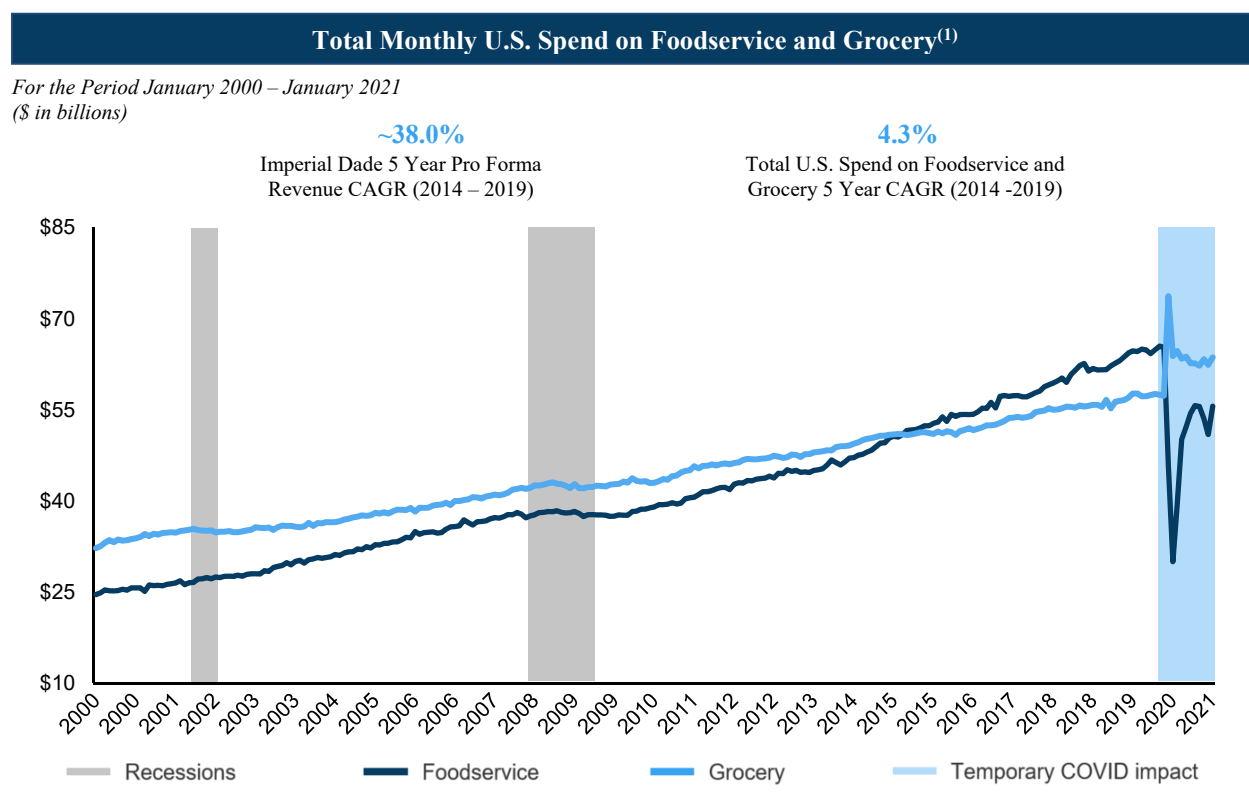
develop the next generation of branch managers via our assistant branch manager program. Assistant branch managers are trained in operating best practices and shadow seasoned branch managers for a number of years. Experienced assistant branch managers are then deployed to oversee operations at newly acquired entities that lack the same degree of operational excellence, or where substantial growth is anticipated. Our deep bench and focus on talent management enables us to scale effectively without talent constraints.

Our Industry

The FSP and Jan-San specialty distribution industry was estimated to grow at an approximately 4% CAGR between 2014 and 2019 and is expected to reach an addressable market size estimated to be over \$25 billion in 2020. The industry spans a variety of resilient end markets including grocery stores, restaurants, hospitality, healthcare, education corporate, and others. Most customers across the industry's end markets require both FSP and Jan-San products, and as a result, prefer to source products from a single supplier to maximize efficiency and reduce costs.

The FSP and Jan-San markets are resilient to economic downturns due to the consumable and mission critical nature of its products, with relatively inelastic demand as customers need these products to carry out their operations.

We believe we are well-positioned within our end markets, which are benefitting from continued secular tailwinds, including increased food delivery, a shift to sustainable packaging, and a fundamental shift to increased focus on health and safety. From 2014 to 2019, we achieved a five-year Pro Forma Revenue CAGR of approximately 38.0% compared to the 4.3% CAGR for total U.S. spend on foodservice and grocery over the same period.



(1) U.S. Census Bureau, Retail Sales: Foodservices and Drinking Places [MRTSSM722USS] and Grocery Stores [MRTSSM4451USS], retrieved from FRED, Federal Reserve Bank of St. Louis.

Importantly, all end markets served by specialty distributors consume elements of both FSP and Jan-San products, creating attractive cross-selling opportunities which underpin the value derived from offering both product categories.

FSP Market

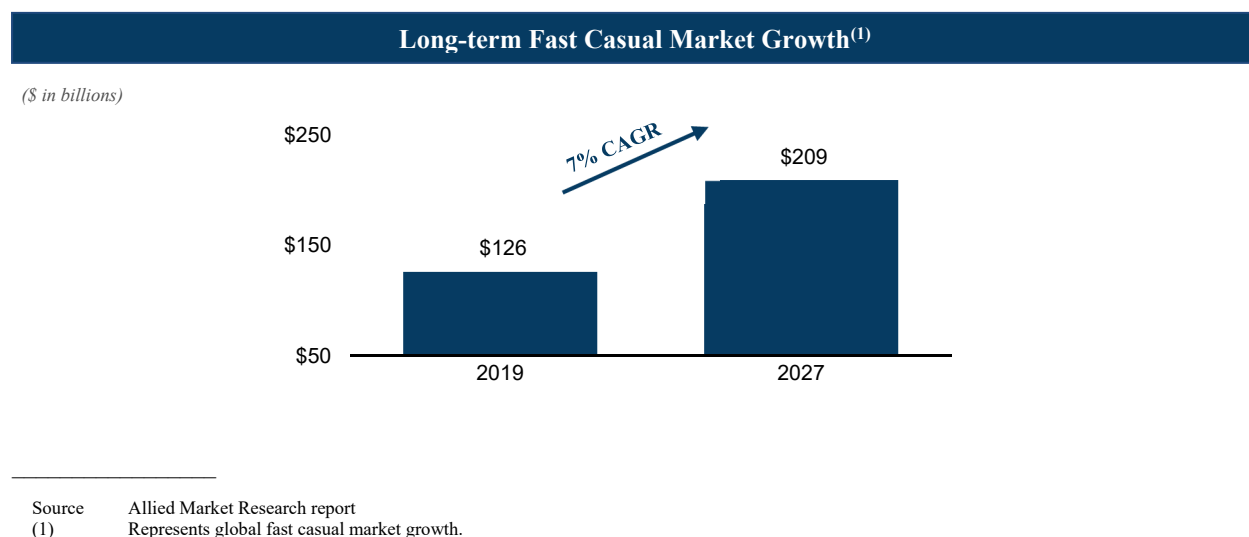
The FSP market in the United States was expected to grow at an approximately 4% CAGR between 2015 and 2020 and reach an addressable market size estimated to be over \$12 billion in 2020. Growth in the market has been historically tied to overall economic activity, disposable income, population trends, and shifts in consumer preferences and behavior. Recently, there has been a shift in food at home to food away from home. In addition, customer demands in the FSP market have become increasingly complex due to trends in sustainable and customized products. Specialty distributors are uniquely positioned to help customers navigate these complex requirements and provide manufacturers with a highly technically capable channel to bring products to market.

Jan-San Market

The Jan-San market in the United States was expected to grow at an approximately 3% CAGR between 2015 and 2020 and reach an addressable market size estimated to be over \$13 billion in 2020. Growth in the market has been historically tied to overall economic activity, new regulations, and shifts in consumer preferences and behavior. Health regulations and increasing health standards are driving greater scrutiny of sanitation and hygiene, resulting in more complex cleaning protocols and a higher frequency of cleaning. Specialty distributors are uniquely positioned to continuously advise customers and provide the required products and equipment to limit liability and loss of business.

Secular Growth Trends

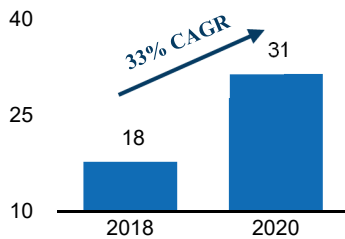
Specialty distributors are well-positioned in the FSP and Jan-San markets given the long-term structural tailwinds, such as shifting consumer preferences, regulation, outsourcing trends, and adoption of premium and eco-friendly products.



Surge in Delivery Demand

Active GrubHub Diners

(in millions of diners)



GrubHub Daily Average Orders

900,000

600,000

300,000

20% CAGR

622,700

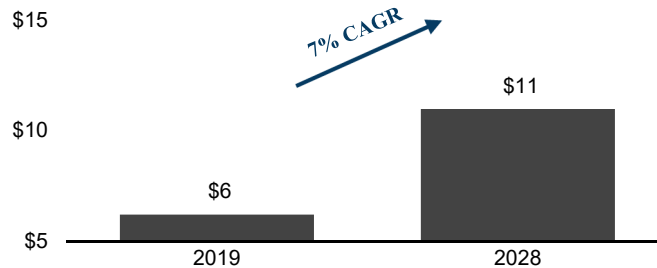
435,900

2018

2020

Accelerating Disinfectant Sprays and Wipes Market Growth

(\$ in billions)



Source GrubHub metrics from filings and <https://www.tritonmarketresearch.com/reports/disinfectant-sprays-and-wipes-market>.

Demographic Shifts

Younger generations are more inclined to eat out than previous generations, providing support for long-term industry growth.

Numerous social, technological and financial factors are also supporting sustained industry growth including: a growing share of dual-income households, preference towards convenience over cooking, proliferation of online ordering and increased brand association with food products and merchandising.

Prepared Foods

Consumers are increasingly focused on convenience and health, driving sustained growth of fresh prepared food. Moreover, significant proliferation of fast casual concepts has occurred in recent years as consumers shift from full service to quick-service restaurants. Since prepared and fresh foods are the fastest growing categories in supermarkets, grocery stores are increasing the amount of floor space dedicated to warm buffets, salad stations, soup dispensers, and other prepared food.

Food Delivery Acceleration

Restaurants from fine dining to fast casual have adapted their operations to provide food delivery and out-of-home dining options for customers. The shift in consumer preference towards food delivery has fueled strong growth in both traditional direct and third-party (e.g. GrubHub) food delivery systems, which support demand for FSP products offered by specialty distributors.

Concept Proliferation

Customers are increasingly brand conscious and restaurants have been pushing for differentiated packaging to increase brand awareness. High-quality packaging improves the perception of food quality and customers increasingly rely on consultative sales teams to recommend new options and products to help optimize their businesses.

Sustainability

Regulatory pressures and consumer demand for sustainable products are driving a sustained shift to environmentally-friendly materials. Our deep supplier relationships and strong sales capabilities help us capture benefits arising from these shifts.

Focus on Hygiene and Safety

The COVID-19 pandemic has brought an increase in demand for sanitation and hygiene products as requirements for cleanliness and safety in order to prevent the transmission of the disease are becoming more stringent and customers are demanding cleaner and more sanitary environments.

Competitive Landscape

The market of FSP and Jan-San specialty distributors is highly fragmented, with few pure-play competitors of scale. Our scaled specialty offering is valued by customers and suppliers, due to our deep product knowledge and SKU breadth, long-standing relationships, and flexibility to meet complex demands in a variety of end markets. Small, regional distributors and national broadline distributors similarly offer more limited portfolios of FSP and Jan-San products and therefore struggle to compete with our offering on SKU breadth, service, and pricing. In addition, these players lack the value-add services which drive customer stickiness.

Our Competitive Strengths

Recession-resilient Markets Benefitting from Secular Tailwinds


The FSP and Jan-San markets are resilient to economic downturns due to the consumable and mission critical nature of the products, which are characterized by inelastic customer demand. Our product breadth and entrenched relationships with both customers and suppliers create significant competitive advantages for us to continue to serve customers through cycles and gain share from less flexible competitors.

In addition, secular tailwinds, including demographic shifts, transition towards convenience and health of prepared foods, mass adoption of home food delivery, increasing importance of brand awareness and a shift towards environmentally friendly, sustainable packaging, all support stable, sustained growth over time. We are particularly well-positioned to benefit from heightened focus on sustainability, which has been further accelerated by the COVID-19 pandemic. Sustainability supports growth in higher-margin products where our differentiated offerings, such as compostable containers, paper straws, and high-quality, eco-friendly cleaning chemicals and supplies, as well as greater use of design-forward, custom-branded, and eco-friendly packaging, serve as a source of differentiation for customers.

Structurally Advantaged Business Model Offers a Differentiated Value Proposition

Our business model enables us to consistently win business and gain market share from competitors. Local and small distributors lack the sophistication and comprehensive product and service offering to effectively compete

with our platform. Customers increasingly expect SKU breadth and flexible logistics capabilities requiring scale and infrastructure that smaller operations are unable to offer. National headline distributors primarily focus on selling food, which tends to involve higher gross margin dollar per square foot products, possess higher operating costs, and require more complex infrastructure to distribute, including climate-controlled trucks and warehouses. As a result, national headline distributors offer more limited portfolios of FSP and Jan-San products and struggle to compete with us on SKU breadth, service, and pricing.

		Low Prices	Broad Offering	Sales Expertise and Support	Delivery Speed and Flexibility	Scale Footprint
Specialty		✓	✓	✓	✓	✓
	Regional Players	✓	✗	✓	✗	✗
	Mom 'n Pops	✓	✗	✓	✗	✓
National	Bunzl (Grocery)	✓	✓	✗	✗	✓
	Broadliners	✗	✗	✗	✗	✓
	Other (Office, HC)	✗	✗	✗	✗	✓

We believe specialty distributors offer a unique value proposition that is difficult for Amazon, or similar players to replicate given differences in their business model. FSP and Jan-San customers have unique purchasing needs which require a highly trained sales force to advise and optimize product selection. Amazon lacks the salesforce, customer service and expertise to win and retain customers that are accustomed to specialty distribution. Furthermore, Amazon does not provide additional value-added services, such as equipment installation, repairs and maintenance that are important to customers and typically provided by specialty distributors. Lastly, being able to deliver products in a narrow time frame, often after business hours and through the use of a security code to gain access to the premises, is not something that Amazon's last mile network is set up to consistently do well.

This is a market with relatively low margins and small profit pools, making it difficult to be successful without having a specialized and dedicated infrastructure. Amazon's existing warehouses and last-mile network are not designed to offer bulk delivery of high-cube items, which makes it challenging to deliver these products at similar prices and earn a reasonable margin.

We are positioned as a partner for customers to help drive the success of their operations. We offer a broad and complementary range of products, which provides customers with a one-stop shop for all their FSP and Jan-San product requirements, providing us significant cross-sell opportunities. We also offer a comprehensive range of value-add capabilities to help optimize customer operations, drive share of wallet gains, and increase customer loyalty, including product consultation and equipment installation and maintenance. Furthermore, our leading private label offering, Victoria Bay, offers a diverse array of high quality products at attractive margins. The vast majority of our sales require specialty expertise or customization, acting as a natural moat against competitors.

Long-standing, Diverse Customer Base and Deep Supplier Relationships

We are a value-add partner to a diverse base of approximately 65,000 customers across various end markets and geographies, ranging from large, blue-chip, multi-location customers to local independent operators. Our customer base is fragmented, with the top 10 customers representing approximately 17% of total sales, and the top 100 customers representing approximately 35% of total sales. As a result, our deeply entrenched relationships have an average tenure of approximately 14 years among the top 10 customers.

We provide unique solutions for customers through our high-touch, consultative sales approach and ongoing account management. We offer a full suite of products, superior logistics infrastructure, and digital ordering

platform that can integrate seamlessly with customers' ERP systems. Many of our customers are independent operators that rely on our value-add sales approach to effectively manage day-to-day operations. As we continue to scale, we have meaningful opportunities to increase share with large national and super regional customers.

We are also a critical partner to suppliers, providing superior, single-point access to a vast and growing customer base. Our scale and extensive reach create a unique channel to introduce new products and increase penetration with customers. We have established deep supplier relationships through a team of 60 procurement specialists. The team manages these relationships actively and works closely with suppliers to facilitate new product launches. Furthermore, our scale gives us significant leverage with suppliers. As a result, we have been able to achieve enhanced pricing and more favorable rebate programs over time.

Long Track Record of Strong Financial Performance and Stable Cash Flow Generation

Our above-market performance is driven by strong industry fundamentals, growth with existing customers, and new customer acquisitions. We have a consistent track record of organic sales growth, from \$119 million of Management Pro Forma Revenue in fiscal year 2007 with approximately 2,000 customers to Management Pro Forma Revenue of \$2,432 million with approximately 65,000 customers in fiscal year 2020. We achieved over 20x Management Pro Forma Revenue growth and over 32x customer expansion over the period through core organic growth as well as successful M&A and integration.

Due to our strong revenue growth, steady margins, limited capital expenditures and counter-cyclical net working capital requirements, we are able to drive cash flow generation. Free Cash Flow Conversion for fiscal year 2020 was 98.5%. We operate with a flexible cost structure (approximately 75% variable costs) enabling us to respond to changing markets. For each of the last three fiscal years, capital expenditures have represented less than 1.0% of Management Pro Forma Revenue. Capital expenditures primarily relate to growth, including new facilities, while maintenance expenditures have been less than \$4 million for each of the last three fiscal years. As a result, Free Cash Flow has been consistent and growing from \$94 million in 2018 to \$224 million in fiscal year 2020. Additionally, Free Cash Flow Conversion has increased from 96.3% in fiscal year 2018 to 98.5% in fiscal year 2020, a 2.2% increase.

Proven, Driven, and Dedicated Management Team

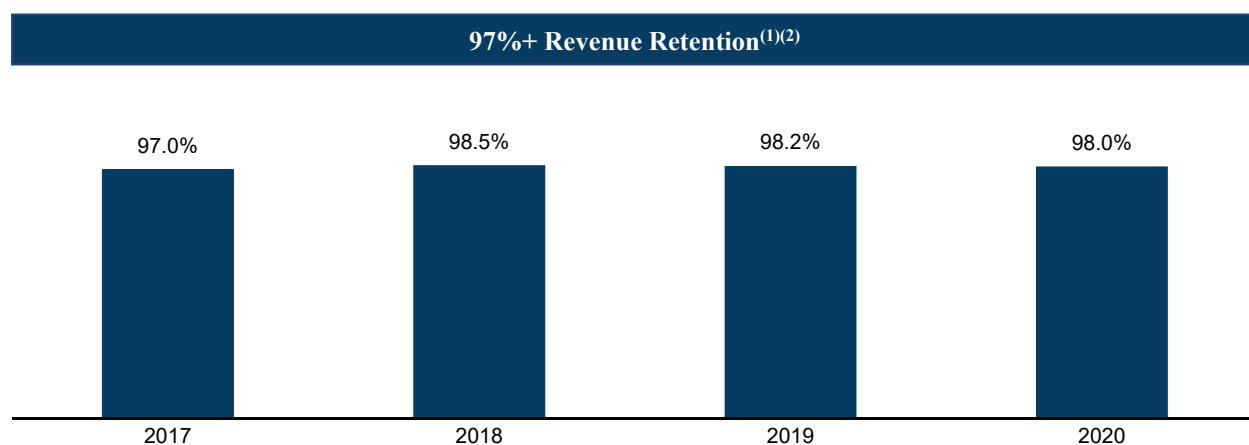
Our management team is among the most experienced in the industry, allowing us to effectively implement our operating model, manage our business and grow relationships with our customers. Our company is led by Robert Tillis (Chairman and CEO), and Jason Tillis (President), who have run the company since acquiring the predecessor in 2007. In addition, we have made several key leadership hires since the Bain acquisition, including a Chief Financial Officer, Chief Human Resources Officer and Chief Accounting Officer, amongst other positions. Christian Dirx joined the Company as CFO in May 2020, bringing deep functional expertise and 18 years of finance and corporate leadership experience, most notably the CFO of Aramark's (NYSE:ARMK) \$5 billion Healthcare, Education, and Business Dining division. Manny Perez, the former CEO of Pool Corp, serves as a Board Member and advisor, bringing more than 25 years of experience in the industry, with expertise in driving scale and operational excellence. During Mr. Perez's leadership of Pool Corp, the company grew its revenue from \$0.5 billion to \$3 billion. Our leadership team has an exceptional track record of managing the business across economic cycles and achieving consistent organic growth.

Our Strategies

Drive Stable Growth by Winning New Customers and by Expanding with Existing Customers Through Excellent Customer Retention and Consistent Expansion of Wallet

We have a long track record of stable above-market growth with a Pro Forma Revenue CAGR of over 25% from 2007 to 2020. In order to continue to drive growth, we are focused on winning new customers and expanding our business with existing customers through customer retention and expansion of wallet. Expansion of wallet is facilitated by our product and service offering with a superior SKU assortment, custom and private label products,

equipment and chemical expertise, and superior operations and fulfillment, which have led to an average 98% revenue retention rate from 2017 to 2020.



- (1) Revenue retention defined as % of sales retained from existing customers year-over-year.
(2) Revenue retention for 2018 is LTM for November 2018.

Achieve Improved Financial Performance Through Implementation of Operational Initiatives

Following the Bain acquisition in 2019, we identified several operational initiatives, resulting in \$10 million of EBITDA to be realized within a 24-month period. The initiatives related to salesforce realignment (inclusive of CRM roll out), labor efficiency improvements, routing optimization, consolidating footprint into more efficient “super warehouses” and cutting duplicative back office functions.

As of year-end 2019, we increased the total to \$15 million. We have actioned \$9.6 million to date, with the remaining \$5.4 million to be actioned by the third quarter of 2021.

DETAILED ACTION PLAN TO CAPTURE IDENTIFIED COST SAVINGS				
		2 YEAR EBITDA IMPACT (\$ MILLIONS)	ACTIONED TO-DATE (\$ MILLIONS)	TO BE ACTIONED BY Q3 '21
SALESFORCE <ul style="list-style-type: none"> Update comp structure for low performing FTEs Salesforce realignment and CRM roll-out 	➔	\$2.0	\$4.0	\$0.0
4-WALLS OPERATIONAL IMPROVEMENTS <ul style="list-style-type: none"> Implement WMS, improve labor efficiency and reduce overtime 	➔	\$2.0	\$0.3	\$0.7
ROUTING <ul style="list-style-type: none"> Increase driver efficiency and route optimization 	➔	\$2.0	\$0.3	\$0.7
FOOTPRINT <ul style="list-style-type: none"> Combine warehouses into more efficient “super-warehouses” 	➔	\$3.0	\$2.0	\$1.0
BACK-OFFICE <ul style="list-style-type: none"> Increased efficiency from centralized functions, establish centers of excellence, cut duplicative FTEs 	➔	\$6.0	\$3.0	\$3.0
TOTAL		\$15.0	\$9.6	\$5.4

The investments in our management team, technology and operations infrastructure have resulted in successful execution of the identified savings to date, and set the roadmap for the future. Since identifying the first tranche of \$15 million, not only have we acquired 12 businesses which represent \$723 million of revenue, \$66

million of Management Pro Forma Adjusted EBITDA and 36 locations, but we also have opened and ramped 3 supersites which both combined make the pool of addressable business significantly larger. As a result, at the end of 2020, we established a detailed action plan to capture an additional \$18 million of EBITDA through newly identified operational cost savings, which we expect to be realized within a 24-month period.

INCREMENTAL \$18M OF NEWLY IDENTIFIED OPERATIONAL COST SAVINGS INITIATIVES		
		REFRESHED OPEX AMT (\$ MILLIONS)
SALESFORCE	→	\$2.0
4-WALLS OPERATIONAL IMPROVEMENTS	→	\$4.0
ROUTING	→	\$3.0
FOOTPRINT	→	\$5.0
BACK-OFFICE	→	\$4.0
TOTAL		\$18.0

Consolidator of Choice in a Highly Fragmented Industry

As the consolidator of choice in a highly fragmented industry composed primarily of small, family-owned local players, we have had the opportunity to consolidate the market and gain market share through accretive M&A. Additionally, significant whitespace exists in attractive geographies which presents promising expansion opportunities.

We have a demonstrated track record of achieving growth through successful M&A, integration and synergy realization, closing 34 acquisitions since 2007. We have closed 17 acquisitions since the beginning of 2019 (including 5 in the fourth quarter of 2020, 1 in the first quarter of 2021 and 1 in the second quarter of 2021), representing approximately \$907 million of revenue and approximately \$86 million of Management Pro Forma Adjusted EBITDA, respectively. Our recent strategic acquisitions have continued to expand our national scale and facilitate entry into new strategic markets.

We maintain a pipeline of over 300 active M&A targets, several which are actionable in the near-term.

Leverage Sophisticated IT Infrastructure that Allows for Effective, Data-Driven Management and is Scalable to Support Future Acquisitions and Growth

We utilize a sophisticated IT infrastructure that allows for effective, data-driven management and is scalable to support future acquisitions and growth. We initially implemented our proprietary S2K ERP system in 2013, which has scaled over time in sophistication and reach as the business has grown. We have hired and invested in two dedicated integration teams who are devoted to integrating acquisitions onto our S2K ERP. The three core aspects of our technology platform are highlighted below.

- *ERP.* We utilize S2K ERP system, which offers best-in-class enterprise software for distribution businesses. We successfully negotiated unlimited seat licenses during implementation, creating

significant scalability with minimal incremental capital expenditure needs. In most of our locations, our warehouse management system is fully integrated into S2K, utilizing barcode technology to optimize inventory sorting and picking.

- *Sales and customer facing technology.* Our customer portal contains multi-faceted online ordering capabilities, including mobile and web-based systems that can be customized to provide customers with specific SKU/pricing configurations. It also provides customers with an order history, recommendations, and easy to use search functions, with the ability to configure automatic renewals.
- *Logistics and routing technology.* We operate a routing and transportation system used to manage orders, fuel costs, drivers, vehicles and road and traffic conditions. This technology ensures a seamless transition from customer orders through the S2K system to delivery.

Sales and Marketing

Our sales and marketing strategy is to provide a comprehensive set of high-quality products and superior services to our customers reliably and at competitive prices. We have a highly experienced sales team of over 650 personnel that is trained to identify opportunities and build relationships. Sales representatives report to sales managers and regional directors who have real-time insight into product and order pricing metrics. Our sales representatives are also supported by over 10 product and end marked specialists organized into verticals such as chemicals, equipment, export and redistribution, and hospitality. We have established deep supplier relationships through a team of 60 procurement specialists. The team manages these relationships actively and works closely with suppliers to facilitate new product launches.

Our solution-oriented sales approach is based on working closely with customers to choose the right products and services for their needs. Our salespeople regularly visit customer locations to identify other potential areas for improvement, driving increased sales. We drive entrenchment and cross-selling by utilizing experts to solve complex problems. We believe the experience and expertise of our salesforce differentiates us from our competitors and is highly valued by our customers, generating significant customer loyalty.

Properties

As of the date of this offering memorandum, we operate 60 warehouses and 20 cross-docks strategically located across the United States and Puerto Rico. We lease our office and warehouse spaces under non-cancelable operating leases expiring at various times through 2032. Our leases provide for market terms and our industrial warehouse leases typically provide for an option to renew that averages between 5 to 15 years.

Seasonality

In a typical year, our operating results are impacted by seasonality. Historically, our higher consolidated net product sales have occurred during the third and fourth quarters while our lowest consolidated net product sales have occurred during the first quarter. Sales of paper products have traditionally increased each quarter throughout the year. Production schedules for non-durable goods that build up to the holidays and peak in the fourth quarter drive this seasonal net product sales pattern. Net product sales for facility solutions have traditionally peaked in the third quarter due to increased summer demand in the away-from-home resort, cruise and hospitality markets and from back-to-school activities. The COVID-19 pandemic disrupted the Company's seasonal patterns in net product sales on a consolidated basis in 2020 due to the significant impacts of the pandemic on many of our customers.

Government Regulations

Our transportation operations are subject to the U.S. Department of Transportation Federal Motor Carrier Safety Regulations. We are also subject to federal, state and local regulations regarding licensing and inspection of facilities, including compliance with the U.S. Occupational Safety and Health Act. These regulations require us to comply with health and safety standards to protect our employees from accidents and establish communication programs to transmit information on the hazards of certain chemicals present in specific products that we distribute.

We are also subject to regulation by numerous U.S. federal, state and local regulatory agencies, including, but not limited to, the U.S. Department of Labor, which sets employment practice standards for workers. Although we are subject to other U.S. federal, state and local provisions relating to the protection of the environment and the discharge or destruction of materials, these provisions do not materially impact the use or operation of our facilities.

Since we import products from other countries, we are also subject to import controls and customs laws, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws. We are also subject to tax codes, antitrust and competition laws, consumer protection statutes, procurement regulations, intellectual property laws, government assistance programs, motor carrier safety laws, data privacy and security laws.

Compliance with these various laws has not had a material effect on our capital expenditures, earnings or competitive position.

Litigation and Legal Proceedings

From time to time, we are involved in legal proceedings, including employment-related claims, that are brought against us in the normal course of business. We are not currently a party to any legal proceedings that would be expected to have a material adverse effect on our business or financial condition.

Intellectual Property

We own a small portfolio of owned registered and applied-for intellectual property including (i) 25 trademarks, the most important of which are the IMPERIAL DADE logo (registered in the United States, Canada and Mexico) and the VICTORIA BAY mark (U.S. only) and (ii) 62 domain names. Generally, registered trademarks have a perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. We intend to maintain these trademark registrations so long as they remain valuable to our business. Other than certain of our trademarks, the retention of which we believe helps maintain customer loyalty, we do not believe our business is dependent to a material degree on trademarks, patents, copyrights, trade secrets or other intellectual property. In addition, other than commercially available software licenses, we do not believe that any of our licenses for third-party intellectual property are material to our business, taken as a whole.

MANAGEMENT

The following table sets forth the names and positions of our executive officers.

Name	Present Positions
Robert Tillis	Chairman and Chief Executive Officer
Jason Tillis	President
Christian Dirx.....	Chief Financial Officer

Executive officers

Robert Tillis became Chairman and Chief Executive Office of the Company after Imperial Dade Intermediate Holdings, LLC completed the acquisition of Imperial Bag & Paper in 2007. Mr. Tillis oversees all corporate and administrative staff and guides our operations and acquisition strategy. Mr. Tillis' extensive industry relationships underpin unmatched supplier network and support our successful acquisition strategy. In the past, Mr. Tillis served as owner operator of Interstate Packing. Mr. Tillis earned a BSBA from Questrom School of Business, Boston University.

Jason Tillis joined the Company in 2007 upon Imperial Dade Intermediate Holdings, LLC's acquisition of Imperial Bag & Paper and has been serving as President since 2011. Mr. Tillis is responsible for overseeing all day-to-day business operations and developing and executing our strategy. Mr. Tillis earned a Bachelor of Science from the School of Management of Boston University.

Christian Dirx joined the Company in 2020. In the past, Mr. Dirx has worked as CFO for Marriott International/Ritz-Carlton Development Company. Mr. Dirx also served as Senior Vice President and Treasurer at Highstar Capital for two years and at Wyndham Worldwide for 3 years. Prior to joining the Company, he was CFO at Aramark and was responsible for the functional leadership of the business. Mr. Dirx is responsible for overseeing financial reporting and planning, supply chains, purchasing, acquisition onboarding and capital investment. Mr. Dirx earned a BA from Eastern Oregon University and a JD from The George Washington University.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

For a description of Related Party Transactions of the Company, see Note 13 to the consolidated financial statements for the years ended December 31, 2020 and December 31, 2019 and Note 12 to the consolidated financial statements for the years ended December 31, 2019 and December 31, 2018.

DESCRIPTION OF EXISTING INDEBTEDNESS

The following is a summary of certain provisions of the instruments evidencing our material indebtedness after giving effect to this offering and the use of the proceeds therefrom. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the definitive documentation with respect to such indebtedness, including the definitions of certain terms therein that are not otherwise defined in this offering memorandum.

Senior Secured Credit Facilities

On June 11, 2019 we entered into (i) a first lien credit agreement (as amended by Amendment No. 1 dated as of December 15, 2020 and as further amended, restated, supplemented or otherwise modified from time to time the “Term Loan Credit Agreement”) governing our first lien term loan facility with an aggregate outstanding principal amount of \$960.6 million (the “Term Loan Facility”) with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent and (ii) an ABL credit agreement (as amended by Amendment No. 1 dated as of July 21, 2020 and as further amended, restated, supplemented or otherwise modified from time to time, the “ABL Credit Agreement”) governing our ABL Facility with aggregate commitments of \$245.0 million (the “ABL Facility”, and together with the Term Loan Facility, the “Senior Secured Credit Facilities”) with JPMorgan Chase Bank, N.A., as administrative agent, collateral agent, swingline lender and an issuing bank.

The Company (which is referred to throughout this section as the “Borrower”) is the borrower under the Term Loan Facility and the ABL Facility. The ABL Facility includes sub-facilities for letters of credit and for short term borrowings referred to as the swingline borrowings. In addition, our Term Loan Credit Agreement provides that we have the right at any time, subject to customary conditions, to request incremental increases and/or incremental term loans in an aggregate principal amount of up to (a) the greater of (1) \$134.0 million and (2) an amount equal to 100.0% of our trailing twelve-month consolidated EBITDA at the time of determination on a pro forma basis, plus (b) an amount equal to all voluntary prepayments and repurchases of the term loans under our Term Loan Credit Agreement and certain other first lien secured debt (to the extent not funded with the proceeds of refinancing debt in respect of such debt), in each case on or prior to the date of any such incurrence and up to the principal amount of the debt so retired, plus (c) an amount equal to all voluntary prepayment, redemption or repurchase of any first lien refinancing facilities or first lien refinancing notes (to the extent not funded with the proceeds of refinancing debt in respect of such debt), in each case on or prior to the date of any such incurrence and up to the principal amount of the debt so retired, plus (d) an additional amount so long as we (I) in the case of incremental debt that is secured by the collateral on a pari passu basis with (or senior to with respect to ABL Priority Collateral (as defined below)) our Term Loan Facility, do not exceed a specified pro forma first lien net leverage ratio, (II) in the case of incremental debt that is secured by a lien on the collateral junior to the liens securing our Term Loan Facility, do not exceed a specified pro forma secured net leverage ratio and (III) in the case of unsecured incremental debt, either do not exceed a specified pro forma total leverage ratio or satisfy a specified pro forma interest coverage ratio.

Furthermore, our ABL Facility provides that we have the right at any time, subject to customary conditions, to request incremental increases in an aggregate principal amount of (I) \$70.0 million, plus (II) an amount equal to all voluntary prepayments that are accompanied by permanent commitment reductions under the ABL Facility.

The lenders under our Term Loan Facility and our ABL Facility are not under any obligation to provide any such incremental loans or commitments, and any such addition of or increase in loans is subject to certain customary conditions precedent and other provisions.

Interest Rates and Fees

Borrowings under our Term Loan Facility and our ABL Facility bear interest, at the Borrower’s option, at a rate per annum equal to an applicable margin over either (a) a base rate determined by reference to the highest of (1) the U.S. prime lending rate as published in the Wall Street Journal, (2) the federal funds effective rate plus 1/2 of 1% and (3) the LIBOR rate for a one month interest period plus 1.00% or (b) a LIBOR rate determined by reference to the LIBOR rate published on the applicable screen page for the interest period relevant to such borrowing, in each case, subject to interest rate floors.

Prepayments

Our Term Loan Facility contains customary mandatory prepayments, including with respect to excess cash flow, asset sale proceeds and proceeds from certain incurrences of indebtedness.

We may voluntarily repay outstanding loans under our Term Loan Facility and our ABL Facility at any time without premium or penalty, other than customary breakage costs with respect to LIBOR loans.

Amortization and Maturity

The term loans under our Term Loan Facility amortize in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of such term loans, with the balance being payable on June 11, 2026. The ABL Facility will mature on June 11, 2024.

Guarantee; Security

All of our obligations under our Term Loan Facility, our ABL Facility and certain hedge agreements and cash management arrangements are unconditionally guaranteed by a parent company of the Borrower (“Holdings”), the Borrower (with respect to hedge agreements and cash management arrangements not entered into by the Borrower) and certain of the Borrower’s existing and subsequently acquired or organized direct or indirect material wholly owned U.S. restricted subsidiaries, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or could result in material adverse tax, regulatory or accounting consequences.

All obligations under our Term Loan Facility and certain hedge agreements and cash management arrangements, and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, by: (i) a perfected first–priority pledge of present and after–acquired assets, including without limitation, the equity interests of the Borrower and each direct wholly owned material restricted subsidiary of the Borrower and of each subsidiary guarantor (limited to 65% of the capital stock of certain subsidiaries), equipment, general intangibles (except to the extent constituting ABL Priority Collateral) and certain intellectual property (such collateral, the “Term Priority Collateral”) and (ii) perfected second–priority security interests in the ABL Priority Collateral.

All obligations under our ABL Facility and certain hedge agreements and cash management arrangements provided by any lender party to our ABL Facility or any of its affiliates and certain other persons, and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, by: (i) a perfected first–priority pledge of customary ABL priority collateral, including all personal property of the Borrower and each guarantor (including, without limitation, accounts receivable and other rights to payment, credit card receivables and inventory) and the right to use certain intellectual property in connection with the processing or sale of inventory or the sale or collection of accounts receivable (such collateral, the “ABL Priority Collateral”) and (ii) perfected second–priority security interests in the Term Priority Collateral.

Covenants, Events of Default

Our Term Loan Facility and our ABL Facility contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the restricted subsidiaries of the Borrower to:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- engage in mergers or consolidations;
- sell, transfer or otherwise dispose of assets;
- pay dividends and distributions or repurchase capital stock;

- prepay, redeem or repurchase certain indebtedness;
- make investments, loans and advances;
- enter into certain transactions with affiliates;
- enter into agreements which limit our ability and the ability of our restricted subsidiaries to incur restrictions on their ability to make distributions and granting of negative pledge clauses;
- enter into amendments to organizational documents and certain subordinated indebtedness in a manner materially adverse to the lenders; and
- fundamentally, materially and substantively (when taken as a whole) alter the character of their business from the business conducted by the Borrower and its restricted subsidiaries (when taken as a whole on the closing date).

Our ABL Facility contains additional covenants that are customarily included in asset-based revolving credit facilities and a springing financial covenant requiring compliance with a certain fixed charge coverage ratio, which is applicable solely to the ABL Facility. The financial covenant is tested on the last day of any fiscal quarter (commencing with the first full fiscal quarter after the closing date of the merger) only if the specified excess availability falls below a certain threshold.

Our Term Loan Facility and our ABL Facility also limit Holdings' activities to being a passive holding company and contain certain other customary affirmative covenants and events of default for facilities of this type, including relating to a change of control.

If an event of default occurs, the lenders under the Term Loan Facility and the ABL Facility will be entitled to take various actions, including the acceleration of amounts due under the Term Loan Facility and the ABL Facility and all actions permitted to be taken by secured creditors.

DESCRIPTION OF THE NOTES

The following is a description of the \$655,000,000 aggregate principal amount of % senior notes due 2027 (the “Notes”). In this description, (i) the terms “we,” “our” and “us” each refer to BCPE Empire Topco, Inc., a Delaware corporation, and its consolidated Subsidiaries taken together and (ii) the term “Issuer” refers only to BCPE Empire Topco, Inc. and not to any of its Affiliates or Subsidiaries. Certain terms used in this description are defined under the subheading “—Certain Definitions.”

The Issuer will issue the Notes under an indenture (the “*Indenture*”) to be dated as of the Issue Date, among the Issuer and Wilmington Trust, National Association, as trustee (the “*Trustee*”). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See “Transfer Restrictions.” The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture in its entirety. A copy of the proposed form of the Indenture may be requested as described under “Where You Can Find More Information.” You can find the definitions of certain terms used in this description under “—Certain Definitions.” The capitalized terms defined in “—Certain Definitions” below are used in this “Description of the Notes” as so defined.

The Issuer does not intend to list the Notes on any securities exchange. The Issuer will not be required to, nor does the Issuer currently intend to, offer to exchange the Notes for notes registered under the Securities Act, or otherwise register or qualify by prospectus the Notes for resale under the Securities Act. The Indenture will not be qualified under the Trust Indenture Act or subject to the terms of the Trust Indenture Act. Accordingly, the terms of the Notes include only those stated in the Indenture.

Brief Description of the Notes

The Notes will be:

- general senior unsecured obligations of the Issuer;
- *pari passu* in right of payment with any existing and future senior Indebtedness (including Indebtedness under the Senior Secured Credit Facilities) of the Issuer;
- effectively subordinated to all Secured Indebtedness (including Indebtedness under the Senior Secured Credit Facilities) of the Issuer to the extent of the value of the assets securing such Indebtedness;
- senior in right of payment to any future Subordinated Indebtedness of the Issuer; and
- structurally subordinated to any existing and future Indebtedness and other liabilities, including preferred stock, of any Subsidiaries of the Issuer.

As of the Issue Date, none of the Issuer’s Subsidiaries will provide Note Guarantees.

Holding Company Structure

The Issuer is an indirect holding company of OpCo’s Subsidiaries. The operations of the Issuer are conducted through OpCo’s Subsidiaries and, therefore, the Issuer depends upon the distribution of the earnings of its Subsidiaries, whether in the form of dividends, advances or payments on account of intercompany obligations, including management fees, to meet its obligations, including its obligations under the Notes. The Issuer’s ability to make any cash payments to the Holders is limited by the Senior Secured Credit Facilities, which limit the ability of OpCo’s Subsidiaries to pay dividends or make other distributions to the Issuer. There can be no assurance that sufficient funds will be available when necessary to make required cash payments under the Notes. See “Description of Existing Indebtedness” and “Risk Factors—Risks Related to our Indebtedness and the Notes— We are a holding

company with no independent operations or assets. Repayment of the notes is dependent on cash flow generated by our subsidiaries.” Any right of the Issuer to receive assets of any of its Subsidiaries upon that Subsidiary’s bankruptcy, liquidation or reorganization (and the consequent right of the Holders to participate in those assets) will be effectively subordinated to the claims of that Subsidiary’s creditors, except to the extent that the Issuer is itself recognized as a creditor of that Subsidiary, in which case the claims of the Issuer would still be subordinate in right of payment to any security interest in the assets of the Subsidiary and any Indebtedness of that Subsidiary senior to that held by the Issuer.

As of December 31, 2020, the aggregate amount of Indebtedness and all other liabilities of the Subsidiaries of the Issuer on their consolidated balance sheet was approximately \$1,260.7 million (net of capitalized debt issuance costs of \$36.3 million), and OpCo and its Subsidiaries had an additional \$245.0 million available for borrowing on a secured basis under the ABL. As indicated above, payments on the Notes will be structurally subordinated to all Indebtedness and other liabilities of the Issuer’s Subsidiaries. See “Risk Factors—Risks Related to Our Business—We will have substantial indebtedness and may incur additional debt in the future, including secured debt, which could substantially reduce our profitability, limit our ability to pursue certain business opportunities and prevent us from fulfilling our obligations under the notes.”

As of the date of the Indenture, all of the Subsidiaries of the Issuer will be “Restricted Subsidiaries.” Under the circumstances described under “—Certain Covenants—Limitation on Restricted Payments” and the definition of “Unrestricted Subsidiary,” the Issuer will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” Unrestricted Subsidiaries will not be subject to the restrictive covenants of the Indenture.

Principal, Maturity and Interest

The Issuer will issue Notes in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof. The rights of Holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of DTC. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Issuer will issue an aggregate principal amount of \$655,000,000 of Notes on the Issue Date. The Notes will mature on _____, 2027. Interest on the Notes will accrue at the rate of _____ % per annum and will be payable, in cash, semi-annually in arrears on _____ and _____ of each year, commencing on _____, 2021, to Holders of record on the immediately preceding _____ and _____, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. If the Issuer delivers global notes to the Trustee for cancellation on a date that is after the record date and on or before the corresponding interest payment date, then interest shall be paid in accordance with the applicable procedures of DTC. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period will end on (but not include) the relevant interest payment date.

Additional Notes

The Issuer may issue additional Notes (the “*Additional Notes*”) from time to time under the Indenture. The Indenture will provide for the issuance of Additional Notes having identical terms and conditions to the Notes offered hereby, subject to compliance with the covenants contained in the Indenture. It is intended, to the maximum extent possible, that any such Additional Notes will be part of the same issue as the Notes offered hereby under the Indenture for all purposes, including waivers, amendments, redemptions and offers to purchase; *provided that* Additional Notes will not be issued with the same CUSIP as the Notes offered hereby unless such Additional Notes are part of the same issue as the Notes offered hereby for U.S. federal income Tax purposes. Any issuance of Additional Notes will be subject to the covenants described under the captions “—Certain Covenants—Limitation on Indebtedness” and “—Certain Covenants—Limitation on Liens.”

Payments

Principal of, and premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose (along with any other paying agent maintained by the Issuer, the “*Paying Agent*”) or, at the option of the Paying Agent, payment of interest, if any, may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders or by wire transfer of immediately available funds to the accounts specified by the Holders of the Notes provided that all payments of principal, premium, if any, and interest with respect to Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by the Issuer, the Issuer’s office or agency maintained for such purpose will be the office of the Trustee.

Guarantees

On the Issue Date, the Notes will not be guaranteed by any of the Issuer’s Subsidiaries. To the extent that any Subsidiary of the Issuer guarantees the Notes in the future pursuant to the covenant described under “—Certain Covenants—Limitation on Guarantees,” then such Guarantor, as primary obligor and not merely as surety, will, jointly and severally with any other Guarantor, irrevocably and unconditionally guarantee, on a senior basis (the “*Note Guarantees*”), the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all Obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise, on the terms set forth in the Indenture.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor’s obligations subject to avoidance under applicable law as a fraudulent conveyance, fraudulent transfer or unjust preference, including provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law or provincial law to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor’s obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee.

Any Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged upon:

- (1) a sale, exchange, transfer or other disposition (including by way of merger, amalgamation, consolidation, dividend, distribution or otherwise) of the Capital Stock of such Guarantor or the sale, exchange, transfer or other disposition, of all or substantially all of the assets of the Guarantor, to a Person other than to the Issuer or a Restricted Subsidiary and as otherwise not prohibited by the Indenture;
- (2) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event after which the Guarantor is no longer a Restricted Subsidiary;
- (3) defeasance or discharge of the Notes, as provided in “—Defeasance” and “—Satisfaction and Discharge”;
- (4) to the extent that such Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of “Immaterial Subsidiary,” upon the release of the guarantee referred to in such clause;
- (5) such Guarantor being (or being substantially concurrently) released or discharged from all of (i) its obligations under all of its Guarantees of payment by the Issuer of any Indebtedness of the Issuer under the Credit Agreement or (ii) in the case of a Note Guarantee made by a Guarantor (each, an “*Other Guarantee*”) as a result of its guarantee of other Indebtedness of the Issuer or a Guarantor pursuant to the covenant entitled “—Certain Covenants—Limitation on Guarantees,” by the Issuer or the applicable Guarantor of the relevant Indebtedness, except in the case of (i) or (ii), a release

as a result of payment under such Guarantee (it being understood that a release subject to a contingent reinstatement is still considered a release);

- (6) upon the merger, amalgamation or consolidation of any Guarantor with and into the Issuer or another Guarantor or upon the liquidation of such Guarantor, in each case, in compliance with the applicable provisions of the Indenture;
- (7) upon the achievement of Investment Grade Status by the Notes; provided that such Note Guarantee shall be reinstated upon the Reversion Date; and
- (8) as described under “—Amendments and Waivers.”

Claims of creditors of Non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries and claims against joint ventures generally will have priority with respect to the assets and earnings of those Subsidiaries and joint ventures over the claims of creditors of the Issuer, including Holders of the Notes. The Notes and each Note Guarantee therefor will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than the Guarantors) and joint ventures. Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions.

Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See “—Certain Covenants—Limitation on Indebtedness.”

Optional Redemption

Except as set forth below, the Notes are not redeemable at the option of the Issuer.

At any time prior to _____, 2023, the Issuer may redeem the Notes in whole or in part, at its option, upon notice as described under “—Selection and Notice,” at a redemption price equal to 100% of the principal amount of such Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the redemption date.

At any time and from time to time on or after _____, 2023, the Issuer may redeem the Notes in whole or in part upon notice as described under “—Selection and Notice,” at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption, if redeemed during the twelve-month period beginning on _____ of the year indicated below:

Year	Percentage
2023	102.000%
2024	101.000%
2025 and thereafter	100.000%

At any time and from time to time prior to _____, 2022, the Issuer may redeem Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to _____ % of the principal amount of such Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes issued under the Indenture on the Issue Date (including Additional Notes); *provided that*

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering, and

- (2) not less than 40% of the original aggregate principal amount of the Notes issued under the Indenture remains outstanding immediately thereafter (excluding Notes held by the Issuer or any of its Restricted Subsidiaries), unless all such Notes are redeemed substantially concurrently.

At any time from _____, 2022 to _____, 2024, the Issuer may, at its option, on one or more occasions, redeem up to 100% of the aggregate principal amount of Notes (including the aggregate principal amount of Additional Notes issued after the Issue Date) either (i) upon a Redemption Change of Control or (ii) with the aggregate principal amount of Notes to be redeemed (the “*Equity Offering Redemption Amount*”) not to exceed an amount equal to the aggregate gross proceeds from one or more Equity Offerings, in each case at a redemption price equal to (i) from _____, 2022 to _____, 2023, 102.000% of the aggregate principal amount thereof, and (ii) from _____, 2023 to _____, 2024, 101.000% of the aggregate principal amount thereof, in each case, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, *provided* that each such redemption occurs within 180 days after the closing of the related Equity Offering or Redemption Change of Control; and *provided, further* that in the case of an Equity Offering, proceeds in an amount equal to or exceeding the applicable Equity Offering Redemption Amount shall be received by, or contributed to the capital of, the Issuer or any Restricted Subsidiary.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, 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 Issuer, or any third party making a such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 15 nor more than 60 days’ prior notice, given not more than 15 days following such purchase date, to redeem all Notes that remain outstanding following such purchase at a redemption price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption. In determining whether the Holders of at least 90% of the aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn such Notes in a tender offer, including a Change of Control Offer or Asset Disposition Offer, Notes owned by the Issuer or its Affiliates or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

Notice of redemption will be provided as set forth under “—Selection and Notice” below.

Notice of any redemption of the Notes may, at the Issuer’s discretion, be given prior to the completion of a corporate transaction (including an Equity Offering, an Incurrence of Indebtedness, a Change of Control or other corporate transaction) and any redemption notice may, at the Issuer’s discretion, be subject to one or more conditions precedent, including, but not limited to, completion of a related transaction. If such redemption or purchase is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer’s discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or such redemption or purchase 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 as so delayed. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer’s obligations with respect to such redemption may be performed by another Person.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest up to, but excluding, the redemption date will be paid to the Person in whose name the Note is registered at the close of business on such record date in accordance with the applicable procedures of DTC, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Mandatory Redemption or Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions “—Change of Control” and “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.” The Issuer may at any time and from time to time purchase our outstanding debt securities or loans, including the Notes, in privately negotiated or open market transactions, by tender offer or otherwise.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and in compliance with the requirements of DTC, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC or DTC prescribes no method of selection, the Trustee will select by lot or on a pro rata basis, subject to adjustments so that no Note in an unauthorized denomination remains outstanding after such redemption; *provided, however*, that no Note of \$2,000 in aggregate principal amount or less shall be redeemed in part.

Notices of redemption will be delivered electronically or, at the Issuer’s option, mailed by first-class mail at least 15 days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of DTC, with a copy to the Trustee, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a global note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Change of Control

The Indenture will provide that if a Change of Control occurs, unless the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under “—Optional Redemption,” the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the “*Change of Control Offer*”) at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the procedures of DTC or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register, describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of events which would constitute a Change of Control may constitute a default under the Senior Secured Credit Facilities that permits the lenders to accelerate the maturity of borrowings thereunder. Future Indebtedness of the Issuer or its subsidiaries may contain prohibitions on certain events which would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Issuer's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by its then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. 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 purchasers of the Notes and the Issuer. The Issuer has no present intention to engage in a transaction involving a Change of Control after the Issue Date, although it is possible that the Issuer could decide to do so in the future.

Subject to the limitations discussed below, the Issuer 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. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under “—Certain Covenants—Limitation on Indebtedness” and “—Certain 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 the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption “—Optional Redemption,” unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. 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 definition of “Change of Control” includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

A sale, lease or other disposition by the Issuer of any part of its assets shall not be deemed to constitute the sale, lease or other disposition of substantially all of its assets for purposes of the Indenture if the fair market value of the assets retained by the Issuer exceeds 100% of the aggregate principal amount of all outstanding Notes and any other outstanding Indebtedness of the Issuer that ranks equally with, or senior to, the Notes with respect to such assets. This paragraph is not intended to limit the Issuer's sales, leases or other dispositions of less than substantially all of its assets.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase 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 aggregate principal amount of the Notes then outstanding.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture.

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day:

- (a) the Notes have achieved Investment Grade Status; and
- (b) no Default or Event of Default has occurred and is continuing under the Indenture,

then, beginning on that day and continuing until the Reversion Date (as defined below), the Issuer and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the "*Suspended Covenants*");

- "—Limitation on Restricted Payments";
- "—Limitation on Indebtedness";
- "—Limitation on Restrictions on Distributions from Restricted Subsidiaries";
- "—Limitation on Affiliate Transactions";
- "—Limitation on Sales of Assets and Subsidiary Stock";
- "—Limitation on Guarantees"; and
- the provisions of clause (3) of the first paragraph of "—Merger, Amalgamation and Consolidation."

If at any time the Notes cease to have such Investment Grade Status, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "*Reversion 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 Notes subsequently attain 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 Notes maintain an Investment Grade Status); provided, however, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture, the Notes or any Note Guarantees with respect to the Suspended Covenants based on, and none of the Issuer 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 Reversion Date that were permitted at such time, 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 Reversion Date is referred to as the "Suspension Period."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of "—Limitation on Indebtedness." Restricted Payments made during the Suspension Period will not reduce the amount available to be made as Restricted Payments under the covenant described under "—Limitation on Restricted Payments." On the Reversion Date, the amount of Excess Proceeds shall be reset at zero. Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause

(6) of the second paragraph under “—Limitation on Affiliate Transactions.” Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of “—Limitation on Restrictions on Distributions from Restricted Subsidiaries” that becomes effective during the Suspension Period will be deemed to have existed on the Issue Date, so that it is classified as permitted under clause (1) of the second paragraph under “—Limitation on Restrictions on Distributions from Restricted Subsidiaries.” In addition, any future obligation to grant further Note Guarantees shall be released. All such further obligation to grant Guarantees shall be reinstated upon the Reversion Date. No Default or Event of Default will be deemed to have occurred on the Reversion Date as a result of any actions taken by the Issuer or its Restricted Subsidiaries during the Suspension Period.

On and after each Reversion Date, the Issuer and its Subsidiaries will be permitted to consummate the transactions contemplated by any contract entered into during the Suspension Period, so long as such contract and such consummation would have been permitted during such Suspension Period.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or of the occurrence of a Reversion Date or to independently determine if such events have occurred.

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that (x) the Issuer and any of its Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness), in an aggregate outstanding principal amount not to exceed the greater of (a) \$50 million and (b) 20.0% of LTM EBITDA, (y) the Issuer and any of its Restricted Subsidiaries (other than OpCo and its Restricted Subsidiaries) may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), either (i) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries is greater than 2.00 to 1.00 or (ii) the Consolidated Total Leverage Ratio of the Issuer would have been no greater than 7.00 to 1.00, and (z) OpCo and any of its Restricted Subsidiaries may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), either (i) the Fixed Charge Coverage Ratio for OpCo and its Restricted Subsidiaries is greater than 2.00 to 1.00 or (ii) the Consolidated Total Leverage Ratio of OpCo would have been no greater than 7.00 to 1.00. The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness (collectively, “*Permitted Debt*”):

- (1) (X) Indebtedness Incurred under any Credit Facility (other than the ABL) by the Issuer or any of its Restricted Subsidiaries (including letters of credit or bankers’ acceptances issued or created under any Credit Facility) and Guarantees in respect of such Indebtedness, up to an aggregate principal amount equal to the sum of (a) \$961 million, plus (b) the maximum amount of Indebtedness that the Issuer and its Restricted Subsidiaries could incur such that with respect to Indebtedness secured by a Lien on the collateral securing the Credit Agreement, (other than Indebtedness secured with a lien that is junior in priority to the Liens on the collateral securing the Credit Agreement), the Consolidated First Lien Leverage Ratio of Opco is equal to or less than 5.00 to 1.00 on a pro forma basis, and with respect to Indebtedness secured with a lien that is junior in priority to the Liens on the collateral securing the Credit Agreement, the Consolidated Secured Leverage Ratio of Opco is equal to or less than 7.00 to 1.00 on a pro forma basis, plus (c) the greater of \$134 million and 100% of LTM EBITDA, plus (d) \$300 million, in each case, outstanding at any one time, (Y) Indebtedness Incurred under the ABL by the Issuer or any of its Restricted Subsidiaries (including letters of credit or bankers’ acceptances issued or created under any Credit Facility) and Guarantees in respect of such Indebtedness, up to an aggregate principal amount outstanding at any one time not to exceed the sum of (I) greater of (a) \$245 million and (b) the Borrowing Base as of the date of such incurrence, and (Z) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including, without limitation, tender premiums) and other costs and expenses (including, without

limitation, original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing, and any Refinancing Indebtedness in respect thereof;

- (2) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness or other obligation is not prohibited by the terms of the Indenture;
- (3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however, that:*
 - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary;
 - (b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary; and
 - (c) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;
- (4) Indebtedness represented by (a) the Notes (other than any Additional Notes), including any Guarantee thereof, (b) any Indebtedness (other than Indebtedness incurred pursuant to clauses (1), (2), (3) and (4)(a) above) outstanding on the Issue Date and any Guarantee thereof, (c) Refinancing Indebtedness (including, with respect to the Notes, any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause or clause (2), (5) or (8) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (d) Management Advances;
- (5) Indebtedness of (x) the Issuer or any Restricted Subsidiary Incurred or issued to finance an acquisition or Investment or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into, amalgamated or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture (including designating an Unrestricted Subsidiary as a Restricted Subsidiary); *provided* that such Indebtedness is in an aggregate amount not to exceed (i) the greater of \$70 million and 30.0% of LTM EBITDA at any time outstanding, plus (ii) unlimited additional Indebtedness if after giving pro forma effect to such acquisition, merger, amalgamation or consolidation, either
 - (a) (x) in the case of Indebtedness of the Issuer or its Restricted Subsidiaries (other than OpCo and its Restricted Subsidiaries), the Issuer would be permitted to Incur at least \$1.00 of additional Indebtedness pursuant clause (a) of proviso of the first paragraph of this covenant, and (y) in the case of Indebtedness of OpCo and its Restricted Subsidiaries, OpCo would be permitted to Incur at least \$1.00 of additional Indebtedness pursuant clause (b) of proviso of the first paragraph of this covenant,
 - (b) either the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries or OpCo and its Restricted Subsidiaries, as applicable, would not be lower or the Consolidated Total Leverage Ratio of the Issuer and the Restricted Subsidiaries or OpCo and its Restricted Subsidiaries, as applicable, would not be higher, in each case, than immediately prior to such acquisition, merger, amalgamation or consolidation; or
 - (c) such Indebtedness constitutes Acquired Indebtedness (other than Indebtedness Incurred in contemplation of the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided* that the only obligors with respect to such Indebtedness

shall be those Persons who were obligors of such Indebtedness prior to such acquisition, merger, amalgamation or consolidation;

- (6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);
- (7) Indebtedness (i) represented by Finance Lease Obligations or Purchase Money Obligations in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause and then outstanding, does not exceed the amount of Finance Lease Obligations and Purchase Money Obligations outstanding on the Issue Date *plus* the greater of (a) \$80 million and (b) 35.0% of LTM EBITDA (for the avoidance of doubt, Unsecured Finance Leases shall be permitted in an unlimited amount pursuant to clause (22)), and any Refinancing Indebtedness in respect thereof and (ii) arising out of Sale and Leaseback Transactions;
- (8) Indebtedness in respect of (a) workers' compensation claims, health, disability or other employee benefits, property, casualty or liability insurance, self-insurance obligations, customer guarantees, performance, indemnity, surety, judgment, bid, appeal, advance payment (including progress premiums), customs, value added or other Tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice; (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practice; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits and advance payments (including progress premiums) received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice; (d) letters of credit, bankers' acceptances, discounted bills of exchange, discounting or factoring of receivables or payables for credit management purposes, warehouse receipts, guarantees or other similar instruments or obligations issued or entered into, or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practice; (e) Cash Management Obligations; and (f) Settlement Indebtedness;
- (9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs, deferred purchase price or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness in connection with a disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;
- (10) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause and then outstanding, will not exceed 200% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock or otherwise contributed to the equity (in each case, other than through the issuance of Disqualified Stock, Designated Preferred Stock or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date and any Refinancing Indebtedness in respect thereof; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall not increase the amount available for making Restricted Payments to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause to the extent such Net Cash Proceeds or cash have been applied to make Restricted Payments;

- (11) Indebtedness of Non-Guarantor Subsidiaries in an aggregate amount not to exceed the greater of (a) \$70 million and (b) 30.0% of LTM EBITDA at any time outstanding and any Refinancing Indebtedness in respect thereof;
- (12) (a) Indebtedness issued by the Issuer or any of its Subsidiaries to any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any Parent Entity, in each case to finance the purchase or redemption of Capital Stock of the Issuer or any Parent Entity that is not prohibited by the covenant described below under “—Limitation on Restricted Payments” and (b) Indebtedness consisting of obligations under deferred compensation or any other similar arrangements incurred in the ordinary course of business, consistent with past practice or in connection with the Transactions, any Investment or any acquisition (by merger, consolidation, amalgamation or otherwise);
- (13) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case Incurred in the ordinary course of business or consistent with past practice;
- (14) Indebtedness in an aggregate outstanding principal amount which when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (14) and then outstanding will not exceed the greater of (a) \$95 million and (b) 40.0% of LTM EBITDA and any Refinancing Indebtedness in respect thereof;
- (15) Indebtedness in respect of any Qualified Securitization Financing or any Receivables Facility;
- (16) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising pursuant to any Permitted Tax Restructuring, Permitted Intercompany Activities and related transactions;
- (17) Indebtedness of the seller of any business or assets permitted to be acquired by the Issuer or any Restricted Subsidiary under the Indenture;
- (18) any obligation, or guaranty of any obligation, of the Issuer or any Restricted Subsidiary to reimburse or indemnify a Person extending credit to customers of the Issuer or a Restricted Subsidiary incurred in the ordinary course of business or consistent with past practice for all or any portion of the amounts payable by such customers to the Person extending such credit;
- (19) Indebtedness to a customer to finance the acquisition of any equipment necessary to perform services for such customer; *provided* that the terms of such Indebtedness are consistent with those entered into with respect to similar Indebtedness prior to the Issue Date, including that (1) the repayment of such Indebtedness is conditional upon such customer ordering a specific volume of goods or services and (2) such Indebtedness does not bear interest or provide for scheduled amortization or maturity;
- (20) Indebtedness in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause and then outstanding, will not exceed the Available RP Capacity Amount;
- (21) obligations in respect of Disqualified Stock in an amount not to exceed the greater of \$25 million and 10.0% of LTM EBITDA outstanding at any time;
- (22) Indebtedness incurred for the benefit of joint ventures in an aggregate principal amount not to exceed the greater of (a) \$60 million and (b) 25.0% of LTM EBITDA outstanding at the time of incurrence and any Refinancing Indebtedness in respect thereof;
- (23) Unsecured Finance Leases; and

- (24) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries to the extent that the net proceeds thereof are promptly deposited with the Trustee to satisfy or discharge the Notes or exercise the Issuer's legal defeasance or covenant defeasance, in each case, in accordance with the Indenture.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) subject to clause (3) below, in the event that all or any portion of any item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in the first paragraph above or one of the clauses of the second paragraph of this covenant;
- (2) additionally, all or any portion of any item of Indebtedness may later be reclassified as having been Incurred pursuant to any type of Indebtedness described in the first and second paragraphs of this covenant so long as such Indebtedness is permitted to be Incurred pursuant to such provision and any related Liens are permitted to be Incurred at the time of reclassification (it being understood that any Indebtedness incurred pursuant to one of the clauses of the second paragraph of this covenant shall cease to be deemed incurred or outstanding for purposes of such clause but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or its Restricted Subsidiaries could have incurred such Indebtedness under the first paragraph of this covenant without reliance on such clause);
- (3) all Indebtedness outstanding on the Issue Date under the Senior Secured Credit Facilities shall be deemed to have been Incurred on the Issue Date under clause (1) of the second paragraph of the description of this covenant;
- (4) in the case of any Refinancing Indebtedness, such Indebtedness shall not include the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, dividends, premiums (including, without limitation, tender premiums), defeasance costs, fees and other costs and expenses (including, without limitation, original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing;
- (5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as incurred pursuant to any clause of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (7) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (8) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

- (9) for all purposes under the Indenture, including for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Secured Leverage Ratio or the Consolidated Total Leverage Ratio, as applicable, in connection with the incurrence, issuance or assumption of any Indebtedness pursuant to the first or second paragraph above or the incurrence or creation of any Lien pursuant to the definition of “Permitted Liens” or otherwise, the Issuer may elect, at its option, to treat all or any portion of the committed amount of any Indebtedness (and the issuance and creation of letters of credit and bankers’ acceptances thereunder) which is to be incurred (or any commitment in respect thereof) or secured by such Lien, as the case may be (any such committed amount elected until revoked as described below, the “*Reserved Indebtedness Amount*”), as being incurred as of such election date, and, if such Fixed Charge Coverage Ratio, the Consolidated Secured Leverage Ratio, the Consolidated Total Leverage Ratio or other provision of the Indenture, as applicable, is complied with (or satisfied) with respect thereto on such election date, any subsequent borrowing or reborrowing thereunder (and the issuance and creation of letters of credit and bankers’ acceptances thereunder) will be deemed to be permitted under this covenant or the definition of “Permitted Liens,” as applicable, whether or not the Fixed Charge Coverage Ratio, the Consolidated Secured Leverage Ratio, the Consolidated Total Leverage Ratio or other provision of the Indenture, as applicable, at the actual time of any subsequent borrowing or reborrowing (or issuance or creation of letters of credit or bankers’ acceptances thereunder) is complied with (or satisfied) for all purposes (including as to the absence of any continuing Default or Event of Default);
- (10) when calculating the availability under any basket or ratio under the Indenture or compliance with any provision of the Indenture in connection with any Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions), in each case, at the option of the Issuer (the Issuer’s election to exercise such option, an “*LCT Election*”), the date of determination for availability under any such basket or ratio and whether any such action or transaction is permitted (or any requirement or condition therefor is complied with or satisfied (including as to the absence of any continuing Default or Event of Default)) under the Indenture shall be deemed to be the date (the “*LCT Test Date*”) either (a) the definitive agreement for such Limited Condition Transaction is entered into (or, if applicable, the date of delivery of an irrevocable declaration of a Restricted Payment or similar event), or (b) solely in connection with an acquisition to which the United Kingdom City Code on Takeovers and Mergers applies, the date on which a “Rule 2.7 announcement” of a firm intention to make an offer (or equivalent announcement in another jurisdiction) (an “*LCT Public Offer*”) in respect of a target of a Limited Condition Transaction and, in each case, if, after giving pro forma effect to the Limited Condition Transaction and any actions or transactions related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to take such actions or consummate such transactions on the relevant LCT Test Date in compliance with such ratio, test or basket (and any related requirements and conditions), such ratio, test or basket (and any related requirements and conditions) shall be deemed to have been complied with (or satisfied) for all purposes (in the case of Indebtedness, for example, whether such Indebtedness is committed, issued, assumed or incurred at the LCT Test Date or at any time thereafter); *provided*, that (a) if financial statements for one or more subsequent fiscal quarters shall have become available, the Issuer may elect, in its sole discretion, to redetermine all such ratios, tests or baskets on the basis of such financial statements, in which case, such date of redetermination shall thereafter be the applicable LCT Test Date for purposes of such ratios, tests or baskets, (b) except as contemplated in the foregoing clause (a), compliance with such ratios, test or baskets (and any related requirements and conditions) shall not be determined or tested at any time after the applicable LCT Test Date for such Limited Condition Transaction and any actions or transaction related thereto (including acquisitions, Investments, the incurrence, issuance or assumption of Indebtedness and the use of proceeds thereof, the incurrence or creation of Liens, repayments, Restricted Payments and Asset Dispositions) and (c) Consolidated Interest Expense

for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate as reasonably determined by the Issuer;

For the avoidance of doubt, if the Issuer has made an LCT Election, (1) if any of the ratios, tests or baskets for which compliance was determined or tested as of the LCT Test Date would at any time after the LCT Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in any such ratio, test or basket, including due to fluctuations in EBITDA or Total Assets of the Issuer or the Person subject to such Limited Condition Transaction, such baskets, tests or ratios will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations; (2) if any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the LCT Test Date would at any time after the LCT Test Date not have been complied with or satisfied (including due to the occurrence or continuation of an Default or Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing); and (3) in calculating the availability under any ratio, test or basket in connection with any action or transaction unrelated to such Limited Condition Transaction following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement or date for redemption, purchase or repayment specified in an irrevocable notice for such Limited Condition Transaction is terminated, expires or passes (or, if applicable, the irrevocable notice is terminated, expires or passes or, as applicable, the offer in respect of an LCT Public Offer for, such acquisition is terminated), as applicable, without consummation of such Limited Condition Transaction, any such ratio, test or basket shall be determined or tested giving pro forma effect to such Limited Condition Transaction;

- (11) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness incurred to refinance Indebtedness initially incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of LTM EBITDA at the time of Incurrence, if such refinancing would cause the percentage of LTM EBITDA restriction to be exceeded if calculated based on the percentage of LTM EBITDA on the date of such refinancing, such percentage of LTM EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) in connection with such refinancing; and
- (12) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this “—Limitation on Indebtedness.”

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this “—Limitation on Indebtedness,” the Issuer shall be in default of this covenant).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided*, that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the

applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (a) the principal amount of such Indebtedness being refinanced plus (b) the aggregate amount of accrued and unpaid interest, dividends, premiums (including tender premiums), defeasance costs, underwriting discounts, fees, costs and expenses (including original issue discount, upfront fees or similar fees) Incurred in connection with such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral or is secured by different collateral or because it is guaranteed by different obligors.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including, without limitation, any such payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:
 - (a) dividends, payments or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer; or
 - (b) dividends, payments or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of the Issuer or any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis);
- (2) purchase, repurchase, redeem, retire or otherwise acquire or retire for value any Capital Stock of the Issuer or any Parent Entity held by Persons other than the Issuer or a Restricted Subsidiary;
- (3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Indebtedness"); or
- (4) make any Restricted Investment;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "*Restricted Payment*"), unless, at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

- (a) in the case of a Restricted Payment under clauses (1) and (2) above, no Event of Default shall have occurred and be continuing (or would immediately thereafter result therefrom) and, in the case of a Restricted Payment under clauses (3) and (4) above, none of the Events of Default described in clauses (1), (2) or (5) thereof shall have occurred and be continuing (or would immediately thereafter result therefrom);
- (b) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments made pursuant to clauses (1) (without duplication) and (10) of the next succeeding paragraph, but excluding all other Restricted Payments made pursuant to the next succeeding paragraph) would exceed the sum (the “*Available Amount*”) of (without duplication):
 - (i) the greater of \$115 million and 50.0% of LTM EBITDA;
 - (ii) 50.0% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Issuer are available (which may, at the Issuer’s election, be internal financial statements);
 - (iii) 100% of the aggregate cash, and the fair market value of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock or as the result of a merger or consolidation with another Person subsequent to the Issue Date, or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) cash or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph and (z) Excluded Contributions);
 - (iv) 100% of the aggregate cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness, Disqualified Stock or Designated Preferred Stock that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preferred Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange;
 - (v) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by means of: (i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of, or other returns on Investment from, Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of, or cash distributions or cash interest received in respect of, such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute

Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date; or (ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a dividend, payment or distribution from an Unrestricted Subsidiary (other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (16) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of “Permitted Investment” or clause (16) of the next succeeding paragraph, as the case may be) or a dividend from an Unrestricted Subsidiary after the Issue Date; and

- (vi) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger, amalgamation or consolidation of an Unrestricted Subsidiary into the Issuer or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Issuer or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith by the Issuer, at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger, amalgamation or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged, amalgamated or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment or was made under clause (16) of the next succeeding paragraph and will increase the amount available under the applicable clause of the definition of “Permitted Investment” or clause (16) of the next succeeding paragraph, as the case may be.

The foregoing provisions will not prohibit any of the following (collectively, “*Permitted Payments*”):

- (1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Indenture or the redemption, repurchase or retirement of Indebtedness if, at the date of any redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;
- (2) (a) any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock, including any accrued and unpaid dividends thereon (“*Treasury Capital Stock*”) or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer or any Parent Entity to the extent contributed to the Issuer (in each case, other than Disqualified Stock or Designated Preferred Stock) (“*Refunding Capital Stock*”), (b) the declaration and payment of dividends on Treasury Capital Stock out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer or any of its Subsidiaries) of Refunding Capital Stock and (c) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (13) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Capital Stock of a Parent Entity) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;
- (3) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the

proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under “—Limitation on Indebtedness” above;

- (4) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under “—Limitation on Indebtedness” above;
- (5) any prepayment, purchase, repurchase, exchange, redemption, defeasance, discharge or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:
 - (a) from Net Available Cash to the extent permitted under “—Limitation on Sales of Assets and Subsidiary Stock” below, but only if the Issuer shall have first complied with the terms described under “—Limitation on Sales of Assets and Subsidiary Stock” and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to prepaying, purchasing, repurchasing, redeeming, defeasing, discharging or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or
 - (b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of (i) a Change of Control (or other similar event described therein as a “change of control”) or (ii) an Asset Disposition (or other similar event described therein as an “asset disposition” or “asset sale,” but only if the Issuer shall have first complied with the terms described under “—Change of Control” or “—Limitation on Sales of Assets and Subsidiary Stock,” as applicable and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or
 - (c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition);
- (6) a Restricted Payment to pay for the prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of Capital Stock of the Issuer or any Parent Entity held by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement (including, for the avoidance of doubt, any principal and interest payable on any Indebtedness issued by the Issuer or any Parent Entity in connection with such prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition), including any Capital Stock rolled over, accelerated or paid out by or to any employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any Parent Entity in connection with any transaction; *provided, however*, that the aggregate Restricted Payments made under this clause do not exceed (x) the greater of \$25 million and 10.0% of LTM EBITDA in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years) or (y) subsequent to the consummation of an underwritten public Equity Offering

of common stock of the Issuer or any Parent Entity, the greater of \$60 million and 25.0% of LTM EBITDA in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed:

- (a) the cash proceeds from the sale of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer and, to the extent contributed to the capital of the Issuer (other than through the issuance of Disqualified Stock or Designated Preferred Stock or an Excluded Contribution), Capital Stock of any Parent Entity, in each case to members of management, directors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any Parent Entity that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (b) of the preceding paragraph; plus
- (b) the cash proceeds of key man life insurance policies received by the Issuer and its Restricted Subsidiaries (or any Parent Entity to the extent contributed to the Issuer) after the Issue Date; less
- (c) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (a) and (b) of this clause;

and *provided further* that (i) cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or Restricted Subsidiaries or any Parent Entity in connection with a repurchase of Capital Stock of the Issuer or any Parent Entity and (ii) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or similar instruments if such Capital Stock represents all or a portion of the exercise price thereof and payments, in lieu of the issuance of fractional shares of such Capital Stock or withholding to pay other Taxes payable in connection therewith, in the case of each of clauses (i) and (ii), will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

- (7) the declaration and payment of dividends on Disqualified Stock or Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—Limitation on Indebtedness” above;
- (8) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar Taxes payable in connection with the exercise or vesting of Capital Stock or any other equity award by any future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any Restricted Subsidiary or any Parent Entity and purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise, conversion or exchange of stock options, warrants, equity-based awards or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof or payments in respect of withholding or similar Taxes payable upon exercise or vesting thereof;
- (9) dividends, loans, advances or distributions to any Parent Entity or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):
 - (a) the amounts required for any Parent Entity to make payments pursuant to any tax sharing agreement or to pay any Parent Entity Expenses or to pay or distribute any Related Taxes;

- (b) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (2), (3), (5), (11) and (12) of the second paragraph under “—Limitation on Affiliate Transactions”; and
 - (c) up to the greater of \$10 million and 3.0% of LTM EBITDA per calendar year;
- (10) the declaration and payment of dividends on the common stock or common equity interests of the Issuer or any Parent Entity (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity’s Capital Stock), following a public offering of such common stock or common equity interests (or such exchangeable securities, as applicable) or a SPAC IPO, in an amount in any fiscal year not to exceed the sum of (i) 7.0% of the amount of net cash proceeds received by or contributed to the Issuer or any of its Restricted Subsidiaries from any such public offering or, in the case of a SPAC IPO, 100% of the cash held by the Issuer or any of its Restricted Subsidiaries following the consummation of the SPAC IPO and (ii) 7.0% of Market Capitalization; or (b) in lieu of all or a portion of the dividends permitted by clause (a), any prepayment, purchase, repurchase, redemption, defeasance, discharge, retirement or other acquisition of the Issuer’s Capital Stock (and any equivalent declaration and payment of a distribution of any security exchangeable for such common stock or common equity interests to the extent required by the terms of any such exchangeable securities and any Restricted Payment to any such Parent Entity to fund the payment by such Parent Entity of dividends on such entity’s Capital Stock) for aggregate consideration that, when taken together with dividends permitted by clause (a), does not exceed the amount contemplated by clause (a);
- (11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent Entity to make payments, to holders of Capital Stock of the Issuer or any Parent Entity in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Issuer);
- (12) Restricted Payments that are made (a) in an amount not to exceed the amount of Excluded Contributions or (b) in an amount equal to the amount of net cash proceeds from an asset sale or disposition in respect of property or assets acquired, if the acquisition of such property or assets was financed with Excluded Contributions;
- (13) (i) the declaration and payment of dividends on Designated Preferred Stock of the Issuer or any of its Restricted Subsidiaries issued after the Issue Date; (ii) the declaration and payment of dividends to a Parent Entity in an amount sufficient to allow the Parent Entity to pay dividends to holders of its Designated Preferred Stock issued after the Issue Date; and (iii) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid to a Person pursuant to such clauses shall not exceed the cash proceeds received by the Issuer or the aggregate amount contributed in cash to the equity of the Issuer (other than through the issuance of Disqualified Stock or an Excluded Contribution of the Issuer), from the issuance or sale of such Designated Preferred Stock; *provided further*, in the case of clauses (i), (ii) and (iii), that for the most recently ended four fiscal quarters for which consolidated financial statements are available (which may, at the Issuer’s election, be internal financial statements) immediately preceding the date of issuance of such Designated Preferred Stock or declaration of such dividends on such Refunding Capital Stock, after giving effect to such payment on a pro forma basis the Issuer would be permitted to Incur at least \$1.00 of additional Indebtedness pursuant to the test set forth in the first paragraph of the covenant described under “—Limitation on Indebtedness”;

- (14) distributions, by dividend or otherwise, or other transfer or disposition of shares of Capital Stock of, or equity interests in, an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), or Indebtedness owed to the Issuer or a Restricted Subsidiary by an Unrestricted Subsidiary (or a Restricted Subsidiary that owns one or more Unrestricted Subsidiaries and no other material assets), in each case, other than Unrestricted Subsidiaries, substantially all of the assets of which are cash and Cash Equivalents or proceeds thereof;
- (15) distributions or payments of Securitization Fees, sales contributions and other transfers of Securitization Assets or Receivables Assets and purchases of Securitization Assets or Receivables Assets pursuant to a Securitization Repurchase Obligation, in each case in connection with a Qualified Securitization Financing or Receivables Facility;
- (16) (i) Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed the greater of \$95 million and 40.0% of LTM EBITDA at such time, and (ii)(A) any Restricted Payments by the Issuer or any of its Restricted Subsidiaries (other than OpCo and its Restricted Subsidiaries), so long as, immediately after giving pro forma effect to the payment of any such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Leverage Ratio of the Issuer shall be no greater than 6.00 to 1.00; and (B) any Restricted Payments by OpCo or any of its Restricted Subsidiaries, so long as, immediately after giving pro forma effect to the payment of any such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Total Leverage Ratio of OpCo shall be no greater than 6.00 to 1.00;
- (17) mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;
- (18) so long as no Event of Default has occurred and is continuing (or would result therefrom), the redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness of the Issuer or any Guarantor in an aggregate amount at any one time outstanding taken together with all other redemptions, defeasances, repurchases, exchanges or other acquisitions or retirements of Subordinated Indebtedness made pursuant to this clause (18) not to exceed the greater of (x) \$70 million and (y) 30.0% of LTM EBITDA at the time of such redemption, defeasance, repurchase, exchange or other acquisition or retirement of Subordinated Indebtedness;
- (19) any Restricted Payment made in connection with the Transactions and any fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related thereto, including Transaction Expenses, or used to fund amounts owed to Affiliates in connection with the Transactions (including dividends to any Parent Entity to permit payment by such Parent Entity of such amounts);
- (20) payments or distributions to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a merger, amalgamation, consolidation or transfer of assets that complies with the covenant described under "— Merger, Amalgamation and Consolidation";
- (21) Restricted Payments to a Parent Entity to finance Investments that would otherwise be permitted to be made pursuant to this covenant if made by the Issuer; *provided* that (a) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (b) such Parent Entity shall, promptly following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant "—

Merger, Amalgamation and Consolidation”) to consummate such Investment, (c) such Parent Entity and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture, (d) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (b) of the preceding paragraph, except to the extent the fair market value at the time of such receipt of such property exceeds the Restricted Payment made pursuant to this clause and (e) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant (other than pursuant to clause (12) hereof) or pursuant to the definition of “Permitted Investment” (other than pursuant to clause (12) thereof);

- (22) investments or other Restricted Payments in an aggregate amount not to exceed an amount equal to the sum of Total Leverage Excess Proceeds and Declined Excess Proceeds; and
- (23) any Restricted Payment made in connection with a Permitted Intercompany Activity, Permitted Tax Restructuring or related transactions.

For purposes of determining compliance with this covenant, (a) in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of “Permitted Investment,” the Issuer will be entitled to divide or classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later divide, classify or reclassify in whole or in part in its sole discretion (based on circumstances existing on the date of such division, classification or reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one or more of the clauses contained in the definition of “Permitted Investment” and (b) any amount permitted by this covenant shall be reduced by any corresponding amount of Indebtedness outstanding that was incurred pursuant to clause (20) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Indebtedness.”

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Issuer acting in good faith.

In connection with any commitment, definitive agreement or similar event relating to an Investment, the Issuer or applicable Restricted Subsidiary may designate such Investment as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the “*Election Date*”) if, after giving pro forma effect to such Investment and all related transactions in connection therewith and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to make such Investment on the relevant Election Date in compliance with the Indenture, and any related subsequent actual making of such Investment will be deemed for all purposes under the Indenture to have been made on such Election Date, including for purposes of calculating any ratio, compliance with any test, usage of any baskets hereunder (if applicable) and Consolidated EBITDA and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after the Election Date until the termination, expiration, passing, rescission, retraction or rescindment of such commitment, definitive agreement or similar event shall be made on a pro forma basis giving effect thereto and all related transactions in connection therewith).

Unrestricted Subsidiaries may use value transferred from the Issuer and its Restricted Subsidiaries in a Permitted Investment to purchase or otherwise acquire Indebtedness or Capital Stock of the Issuer, any Parent Entity or any of the Issuer’s Restricted Subsidiaries, and to transfer value to the holders of the Capital Stock of the Issuer or any Restricted Subsidiary or any Parent Entity and to Affiliates thereof, and such purchase, acquisition, or transfer will not be deemed to be a “direct or indirect” action by the Issuer or its Restricted Subsidiaries.

If the Issuer or a Restricted Subsidiary makes a Restricted Payment which at the time of the making of such Restricted Payment would in the good faith determination of the Issuer be permitted under the provisions of the Indenture, such Restricted Payment shall be deemed to have been made in compliance with the Indenture notwithstanding any subsequent adjustments made in good faith to the Issuer's financial statements affecting Consolidated Net Income or Consolidated EBITDA of the Issuer for any period.

For the avoidance of doubt, this covenant shall not restrict the making of, or dividends or other distributions in amounts sufficient to make, any "AHYDO catch-up payment" with respect to any Indebtedness of any Parent Entity, the Issuer or any of its Restricted Subsidiaries permitted to be incurred under the Indenture.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (except Permitted Liens) (each, a "*Subject Lien*") that secures Obligations under any Indebtedness on any asset or property of the Issuer or any Restricted Subsidiary, unless the Notes and the Guarantees are equally and ratably secured with (or on a senior basis to, in the case such Subject Lien secures any Subordinated Indebtedness) the Obligations secured by such Subject Lien.

Any Lien created for the benefit of the Holders of the Notes pursuant to the preceding paragraph may provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Subject Lien that gave rise to the obligation to so secure the Notes and the Guarantees.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;
- (B) make any loans or advances to the Issuer or any Restricted Subsidiary; or
- (C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;
- (2) any encumbrance or restriction pursuant to the Indenture, the Notes and any Note Guarantees;

- (3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;
- (4) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary or entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided that*, for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;
- (5) any encumbrance or restriction:
 - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;
 - (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements;
 - (c) contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business or consistent with past practice; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are subject to such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary; or
 - (d) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;
- (6) any encumbrance or restriction pursuant to Purchase Money Obligations and Finance Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;
- (7) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Issuer or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (8) customary provisions in leases, licenses, stockholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments;
- (9) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

- (10) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practice;
- (11) any encumbrance or restriction pursuant to Hedging Obligations;
- (12) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be Incurred or issued subsequent to the Issue Date pursuant to the provisions of the covenant described under “—Limitation on Indebtedness” that impose restrictions solely on the Foreign Subsidiaries party thereto or their Subsidiaries;
- (13) restrictions created in connection with any Qualified Securitization Financing or Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Facility or Receivables Facility;
- (14) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness, shall only be permitted if such Indebtedness is permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—Limitation on Indebtedness” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Secured Credit Facilities, together with the security documents associated therewith, or the Indenture as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Issuer) and where, in the case of clause (ii), either (a) the Issuer determines at the time of entry into such agreement or instrument that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer’s ability to make principal or interest payments on the Notes or (b) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument;
- (15) any encumbrance or restriction existing by reason of any lien permitted under “—Limitation on Liens”; or
- (16) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) to (15) of this paragraph or this clause (an “*Initial Agreement*”) or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) to (15) of this paragraph or this clause (16); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer).

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);
- (2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset

Disposition, together with all other Asset Dispositions since the Issue Date (on a cumulative basis) (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

- (3) within 540 days from the later of (A) the date of such Asset Disposition and (B) the receipt of the Net Available Cash from such Asset Disposition (as may be extended by an Acceptable Commitment or a Second Commitment as set forth below, the “*Proceeds Application Period*”), an amount equal to the Applicable Percentage of such Net Available Cash (the “*Applicable Proceeds*”) is applied:
- (a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness), (i) to prepay, repay or purchase any Indebtedness of a Non-Guarantor Subsidiary (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) or any Secured Indebtedness, including Indebtedness under the Senior Secured Credit Facilities (or any Refinancing Indebtedness in respect thereof) within 540 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (i), the Issuer or such Restricted Subsidiary will retire such Indebtedness and, other than any such Indebtedness under the ABL (or any Refinancing Indebtedness in respect thereof), will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness; *provided further* that, to the extent the Issuer redeems, repays or repurchases such Indebtedness pursuant to this clause (ii), the Issuer shall equally and ratably reduce Obligations under the Notes as provided under “— Optional Redemption,” through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Disposition Offer) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid;
 - (b) to the extent the Issuer or any Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary equal to the amount of Net Available Cash received by the Issuer or another Restricted Subsidiary) within 540 days from the later of (after giving effect to any Acceptable Commitment or Second Commitment (each as defined below), the “*Application Period*”) (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that a binding agreement shall be treated as a permitted application of Net Available Cash from the date of such commitment with the good faith expectation that an amount equal to Net Available Cash will be applied to satisfy such commitment within 180 days of such commitment (an “*Acceptable Commitment*”) and, in the event of any Acceptable Commitment is later cancelled or terminated for any reason before such amount is applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a “*Second Commitment*”) within 180 days of such cancellation or termination; *provided further* that if any Second Commitment is later cancelled or terminated for any reason before such amount is applied, then such Net Available Cash shall constitute Excess Proceeds; or
 - (c) any combination of the foregoing;

provided that (1) pending the final application of the amount of any such Applicable Proceeds pursuant to this covenant, the Issuer or the applicable Restricted Subsidiaries may apply such Applicable Proceeds temporarily to reduce Indebtedness (including under the Credit Facilities) or otherwise apply such Applicable Proceeds in any manner not prohibited by the Indenture, and (2) the Issuer (or any Restricted Subsidiary, as the case may be) may

elect to invest in Additional Assets prior to receiving the Applicable Proceeds attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive agreement for the relevant Asset Disposition, and consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (b) above with respect to such Asset Disposition.

“*Applicable Percentage*” means 100%; *provided* that so long as no Event of Default shall have occurred and be continuing or would result therefrom, the Applicable Percentage shall be (1) 50% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom the Consolidated Total Leverage Ratio of OpCo would be less than or equal to 6.50 to 1.00 but greater than 6.00 to 1.00, or (2) 0.00% if, on a pro forma basis after giving effect to such Asset Disposition and the use of proceeds therefrom, the Consolidated Total Leverage Ratio of OpCo would be less than or equal to 6.00 to 1.00. Any Net Available Cash in respect of an Asset Disposition that does not constitute Applicable Proceeds as a result of the application of this definition shall collectively constitute “*Total Leverage Excess Proceeds*.”

If, with respect to any Asset Disposition, at the expiration of the Proceeds Application Period with respect to such Asset Disposition, there remains Applicable Proceeds in excess of the greater of \$60 million and 25.0% of LTM EBITDA (such amount of Applicable Proceeds that are equal to the greater of \$60 million and 25.0% of LTM EBITDA, “*Declined Excess Proceeds*,” and such amount of Applicable Proceeds that are in excess of the greater of \$60 million and 25.0% of LTM EBITDA, “*Excess Proceeds*”), then subject to the limitations with respect to Foreign Dispositions set forth below, the Issuer shall make an offer (an “*Asset Disposition Offer*”) no later than ten business days after the expiration of the Proceeds Application Period to all Holders of Notes and, if required by the terms of any Pari Passu Indebtedness, to all holders of such Pari Passu Indebtedness, to purchase the maximum principal amount of such Notes and Pari Passu Indebtedness, as appropriate, on a pro rata basis, that may be purchased out of such Excess Proceeds, if any, at an offer price, in the case of the Notes, in cash in an amount equal to 100% of the principal amount thereof (or in the event such other Indebtedness was issued with original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any (or such lesser price with respect to Pari Passu Indebtedness, if any, as may be provided by the terms of such other Indebtedness), to, but not including, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture and the agreement governing the Pari Passu Indebtedness, as applicable, in minimum denominations of \$2,000 and in integral multiples of \$1,000 in excess thereof. Notices of an Asset Disposition Offer shall be sent by first class mail or sent electronically, at least 10 days but not more than 60 days before the purchase date to each Holder of the Notes at such Holder’s registered address or otherwise in accordance with the applicable procedures of DTC, with a copy to the Trustee. The Issuer may satisfy the foregoing obligation with respect to the Applicable Proceeds by making an Asset Disposition Offer prior to the expiration of the Proceeds Application Period (the “*Advance Offer*”) with respect to all or a part of the Applicable Proceeds (the “*Advance Portion*”) in advance of being required to do so by the Indenture.

To the extent that the aggregate amount (or accreted value, as applicable) of Notes and, if applicable, any other Pari Passu Indebtedness validly tendered or otherwise surrendered in connection with an Asset Disposition Offer made with Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) is less than the amount offered in an Asset Disposition Offer, the Issuer may include any remaining Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion) in Declined Excess Proceeds, and use such Declined Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount (or accreted value, as applicable) of the Notes or, if applicable, Pari Passu Indebtedness validly tendered pursuant to any Asset Disposition Offer exceeds the amount of Excess Proceeds (or, in the case of an Advance Offer, the Advance Portion), the Issuer shall allocate the Excess Proceeds among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount (or accreted value, as applicable) of tendered Notes and Pari Passu Indebtedness; provided that no Notes or other Pari Passu Indebtedness will be selected and purchased in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Applicable Proceeds and Excess Proceeds shall be reset at zero.

Notwithstanding any other provisions of this covenant, (i) to the extent that any of or all the Net Available Cash or Applicable Percentage of any Asset Disposition by a Foreign Subsidiary or a CFC Holding Company (a “*Foreign Disposition*”) is (x) prohibited or delayed by applicable local law, (y) restricted by applicable organizational documents or any agreement or (z) subject to other onerous organizational or administrative

impediments from being repatriated to the United States, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant, and such amounts may be retained by the applicable Foreign Subsidiary or CFC Holding Company so long, but only so long, as the applicable local law or regulation, applicable organizational documents or agreements or other impediments will not permit repatriation to the United States (the Issuer hereby agreeing to use reasonable efforts (as determined in the Issuer's reasonable business judgment) to otherwise cause the applicable Foreign Subsidiary or CFC Holding Company to within one year following the date on which the respective payment would otherwise have been required, promptly take all actions reasonably required by the applicable local law or regulation, applicable organizational documents or other impediments to permit such repatriation), and if within one year following the date on which the respective payment would otherwise have been required such repatriation of any of such affected Net Available Cash is permitted under the applicable local law, applicable organizational impediment or other impediment, such repatriation will be promptly effected and such repatriated Net Available Cash will be promptly (and in any event not later than five (5) Business Days after such repatriation could be made) applied (net of additional Taxes payable or reserved against as a result thereof) (whether or not such repatriation actually occurs) in compliance with this covenant and (ii) to the extent that the Issuer has determined in good faith that repatriation of, or an obligation to repatriate, any of or all the Net Available Cash of any Foreign Disposition would have an adverse Tax consequence (which for the avoidance of doubt, includes, but is not limited to, any prepayment whereby doing so the Issuer, any Restricted Subsidiary, or any of their respective affiliates and/or direct or indirect equity owners would incur a Tax liability, including receipt of a Tax dividend, deemed dividend pursuant to Code Section 956 or a withholding Tax, the Net Available Cash so affected may be retained by the applicable Foreign Subsidiary or CFC Holding Company. For the avoidance of doubt, nothing in this covenant shall require the Issuer to cause any amounts to be repatriated to the United States (whether or not such amounts are used in or excluded from the determination of the amount of any mandatory prepayments hereunder). The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness or other liabilities, contingent or otherwise, of the Issuer or a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;
- (2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, or by their terms are required to be satisfied for cash and Cash Equivalents (to the extent of the cash or Cash Equivalents received), in each case, within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and
- (5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of \$40 million and 17.5% of LTM EBITDA (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).

To the extent that the provisions of any securities laws or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws, rules and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The provisions of the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the written consent of the Holders of a majority in principal amount of the then outstanding Notes.

The Senior Secured Credit Facilities may prohibit or limit, and future credit agreements or other agreements to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Notes pursuant to this covenant. In the event the Issuer is prohibited from purchasing the Notes, the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, it will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "*Affiliate Transaction*") involving aggregate value in excess of the greater of \$35 million and 15.0% of LTM EBITDA, unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of \$55 million and 22.5% of LTM EBITDA, the terms of such transaction have been approved by a majority of the members of the Board of Directors.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors, if any.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment or other transaction permitted to be made or undertaken pursuant to the covenant described under "—Limitation on Restricted Payments," (including Permitted Payments) or any Permitted Investment;
- (2) any issuance or sale of Capital Stock other than Disqualified Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent Entity, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business or consistent with past practice;

- (3) any Management Advances and any waiver or transaction with respect thereto;
- (4) (a) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries and (b) any merger, amalgamation or consolidation with any Parent Entity, *provided* that such Parent Entity shall have no material liabilities and no material assets other than cash, Cash Equivalents and the Capital Stock of the Issuer and such merger, amalgamation or consolidation is otherwise consummated in compliance with the Indenture;
- (5) the payment of compensation, fees, costs and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any Parent Entity or any Restricted Subsidiary (whether directly or indirectly and including through any Controlled Investment Affiliate or Immediate Family Member of such directors, officers or employees);
- (6) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect in the reasonable determination of the Issuer;
- (7) any transaction effected as part of a Qualified Securitization Financing or Receivables Facility, any disposition or acquisition of Securitization Assets, Receivables Assets or related assets in connection with any Qualified Securitization Financing or Receivables Facility;
- (8) transactions with customers, vendors, clients, joint venture partners, suppliers, contractors, distributors or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (9) any transaction between or among the Issuer or any Restricted Subsidiary and any Person that is an Affiliate of the Issuer or an Associate or similar entity solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (10) issuances, transfers or sales of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights (and the performance of the related obligations) in connection therewith or any contribution to capital of the Issuer or any Restricted Subsidiary;
- (11) (a) payments by the Issuer or any Restricted Subsidiary (or distributions or dividends by the Issuer in lieu of such payments) to any Permitted Holder (whether directly or indirectly), including to its affiliates or its designees, of management, consulting, monitoring, refinancing, transaction, advisory, indemnities and other fees, costs and expenses (plus any unpaid management, consulting, monitoring, transaction, advisory, indemnities and other fees, costs and expenses accrued in any prior year) and any exit and termination fees (including any such cash lump sum or present value fee upon the consummation of a corporate event, including an initial public offering and a SPAC IPO) pursuant to any management services or similar agreements or the management services or other relevant provisions in an investor rights agreement, limited partnership

agreement, limited liability company agreement or other equityholders' agreement, as the case may be, between the Investors or certain of the management companies associated with the Investors or their advisors or Affiliates (including any replacement agreement with a Qualified Buyer and/or any applicable Affiliate or designee thereof), if applicable, with terms reasonably consistent with the terms of similar agreements entered into by similar financial sponsors and portfolio companies as reasonably determined by the Issuer or any Parent Entity on behalf of the Issuer at the time such management or similar agreement is entered into by the Investors and the Issuer and (b) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved in the case of each of clauses (a) and (b) in the reasonable determination of the Issuer;

- (12) payment to any Permitted Holder of all out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries;
- (13) the Transactions and the payment of all fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) related to the Transactions, in each case as disclosed in this offering memorandum;
- (14) transactions in which the Issuer or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;
- (15) the existence of, or the performance by the Issuer or any Restricted Subsidiaries of its obligations under the terms of, any equityholders, investor rights or similar agreement (including any registration rights agreement or purchase agreements related thereto) to which it is party as of the Issue Date and any similar agreement that it may enter into thereafter; *provided, however*, that the existence of, or the performance by the Issuer or any Restricted Subsidiary of its obligations under any future amendment to the equityholders' agreement or under any similar agreement entered into after the Issue Date will only be permitted under this clause to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders in any material respect;
- (16) any purchase by the Issuer's Affiliates of Indebtedness or Disqualified Stock of the Issuer or any of their Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Issuer's Affiliates; *provided* that such purchases by the Issuer's Affiliates are on the same terms as such purchases by such Persons who are not the Issuer's Affiliates;
- (17) (i) investments by Affiliates in securities or loans of the Issuer or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses incurred by such Affiliates in connection therewith) so long as the investment is being offered by the Issuer or such Restricted Subsidiary generally to other non-affiliated third party investors on the same or more favorable terms and (ii) payments to Affiliates in respect of securities or loans of the Issuer or any of its Restricted Subsidiaries contemplated in the foregoing subclause (i) or that were acquired from Persons other than the Issuer and its Restricted Subsidiaries, in each case, in accordance with the terms of such securities or loans;
- (18) payments by the Issuer (and any Parent Entity) and its Restricted Subsidiaries pursuant to any tax sharing agreements or other equity agreements in respect of "Related Taxes" among the Issuer (and any such Parent Entity) and its Restricted Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries;

- (19) payments, Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the board of directors of the Issuer in good faith;
- (20) any management equity plan, stock option plan, phantom equity plan or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement between the Issuer or its Restricted Subsidiaries and any distributor, employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members) approved by the reasonable determination of the Issuer or entered into in connection with the Transactions;
- (21) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Equity Interests in any Restricted Subsidiary permitted under “—Limitation on Sales of Assets and Subsidiary Stock” or entered into with any Business Successor, in each case, that the Issuer determines in good faith is either fair to the Issuer or otherwise on customary terms for such type of arrangements in connection with similar transactions;
- (22) transactions entered into by an Unrestricted Subsidiary with an Affiliate prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under the caption “—Designation of Restricted and Unrestricted Subsidiaries” and pledges of Capital Stock of Unrestricted Subsidiaries;
- (23) (i) any lease entered into between the Issuer or any Restricted Subsidiary, as lessee, and any Affiliate of the Issuer, as lessor and (ii) any operational services or other arrangement entered into between the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer, in each case, which is approved as being on arm’s length terms by the reasonable determination of the Issuer;
- (24) intellectual property licenses and research and development agreements in the ordinary course of business or consistent with past practice;
- (25) payments to or from, and transactions with, any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements or activities related thereto);
- (26) the payment of fees, costs and expenses related to registration rights and indemnities provided to equityholders pursuant to equityholders, investor rights, registration rights or similar agreements;
- (27) transactions undertaken in the ordinary course of business pursuant to membership in a purchasing consortium;
- (28) the issuance of the Notes and the use of proceeds therefrom as contemplated by this offering memorandum; and

- (29) Permitted Intercompany Activities, Permitted Tax Restructurings, Intercompany License Agreements and related transactions.

In addition, if the Issuer or any of its Restricted Subsidiaries (i) purchases or otherwise acquires assets or properties from a Person which is not an Affiliate, the purchase or acquisition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties acquired shall not be deemed an Affiliate Transaction (or cause such purchase or acquisition by the Issuer or a Restricted Subsidiary to be deemed an Affiliate Transaction) or (ii) sells or otherwise disposes of assets or other properties to a Person who is not an Affiliate, the sale or other disposition by an Affiliate of the Issuer of an interest in all or a portion of the assets or properties sold shall not be deemed an Affiliate Transaction (or cause such sale or other disposition by the Issuer or a Restricted Subsidiary to be deemed an Affiliate Transaction).

Designation of Restricted and Unrestricted Subsidiaries

The Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption “—Certain Covenants—Limitation on Restricted Payments” or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by an Officer’s Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption “Certain Covenants—Limitation on Restricted Payments.” If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption “—Certain Covenants—Limitation on Indebtedness,” the Issuer will be in default of such covenant.

The Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption “—Certain Covenants—Limitation on Indebtedness,” (including pursuant to clause 5(b) of the second paragraph thereof treating such redesignation as an acquisition for the purpose of such clause) calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation. Any such designation by the Issuer shall be evidenced to the Trustee by an Officer’s Certificate certifying that such designation complies with the preceding conditions.

Reports

Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, from and after the Issue Date, the Issuer or its Subsidiaries on its behalf will furnish to the Trustee, within 15 days after the time periods specified below:

- (1) within 120 days (150 days in the case of the fiscal year ending after the Issue Date) after the end of each fiscal year ending after the Issue Date (or if such day is not a Business Day, on the next succeeding Business Day), all financial information that would be required to be contained in an

annual report on Form 10-K, or any successor or comparable form, filed with the SEC, including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and a report on the annual financial statements by the Issuer’s independent registered public accounting firm;

- (2) within 60 days (90 days in the case of the fiscal quarter containing the Issue Date and the immediately succeeding fiscal quarter) after the end of each of the first three fiscal quarters of each fiscal year (or if such day is not a Business Day, on the next succeeding Business Day), all financial information that would be required to be contained in a quarterly report on Form 10-Q, or any successor or comparable form, filed with the SEC, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and (B) financial statements prepared in accordance with GAAP; and
- (3) promptly after the occurrence of any of the following events, all current reports that would be required to be filed with the SEC on Form 8-K or any successor or comparable form (if the Issuer had been a reporting company under Section 15(d) of the Exchange Act); *provided*, that the foregoing shall not obligate the Issuer to make available (i) any information otherwise required to be included on a Form 8-K regarding the occurrence of any such events if the Issuer determines in its good faith judgment that such event that would otherwise be required to be disclosed is not material to the Holders of the Notes or the business, assets, operations, financial positions or prospects of the Issuer and its Restricted Subsidiaries taken as a whole, (ii) a summary of the terms of, any employment or compensatory arrangement, agreement, plan or understanding between the Issuer (or any of its Subsidiaries) and any director, manager or executive officer of the Issuer (or any of its Subsidiaries), (iii) copies of any agreements, financial statements or other items that would be required to be filed as exhibits to a current report on Form 8-K or (iv) any trade secrets, privileged or confidential information obtained from another Person and competitively sensitive information:
 - (a) the entry into or termination of material agreements;
 - (b) significant acquisitions or dispositions (which shall only be with respect to acquisitions or dispositions that are significant pursuant to the definition of “Significant Subsidiary”);
 - (c) bankruptcy;
 - (d) cross-default under direct material financial obligations;
 - (e) a change in the Issuer’s certifying independent auditor;
 - (f) the appointment or departure of directors or executive officers (with respect to the principal executive officer, president, principal financial officer, principal accounting officer and principal operating officer only);
 - (g) non-reliance on previously issued financial statements; and
 - (h) change of control transactions,

in each case, in a manner that complies in all material respects with the requirements specified in such form, except as described above or below and subject to exceptions consistent with the presentation of information in the offering memorandum; *provided, however*, that the Issuer shall not be required to provide (i) any information that is not otherwise similar to information currently included in the offering memorandum, (ii) separate financial statements or other information contemplated by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, or in each case any successor provisions or any schedules required by Regulation S-X, (iii) information required by Regulation G under the Exchange Act or Item 10, Item 302, Item 402 or Item 601 of Regulation S-K (or any successor provision), (iv) XBRL exhibits, (v) earnings per share information, (vi) information regarding executive compensation and

related party disclosure related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A, and (vii) other information customarily excluded from an offering memorandum, including any information that is not otherwise of the type and form currently included in the offering memorandum relating to the Notes. In addition, notwithstanding the foregoing, the Issuer will not be required to (i) comply with Sections 302, 906 and 404 of the Sarbanes-Oxley Act of 2002, as amended, or (ii) otherwise furnish any information, certificates or reports required by Items 307 or 308 of Regulation S-K. To the extent any such information is not so filed or furnished, as applicable, within the time periods specified above and such information is subsequently filed or furnished, as applicable, the Issuer will be deemed to have satisfied its obligations with respect thereto at such time and any Default with respect thereto shall be deemed to have been cured; *provided* that such cure shall not otherwise affect the rights of the Holders under “— Events of Default” if Holders of at least 30% in principal amount of the then total outstanding Notes have declared the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately and such declaration shall not have been rescinded or cancelled prior to such cure. In addition, to the extent not satisfied by the foregoing, the Issuer will agree that, for so long as any Notes are outstanding, it will furnish to Holders 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.

Substantially concurrently with the furnishing of such information to the Trustee pursuant to the immediately preceding paragraph, the Issuer shall also use its commercially reasonable efforts to post copies of such information required by the immediately preceding paragraph on a website (which may be nonpublic and may be maintained by the Issuer or a third party) to which access will be given to Holders, prospective investors in the Notes (which prospective investors shall be limited to “qualified institutional buyers” within the meaning of Rule 144A of the Securities Act or non-U.S. persons (as defined in Regulation S under the Securities Act) that certify their status as such to the reasonable satisfaction of the Issuer), and securities analysts and market making financial institutions that are, in the case of securities analysts and market making financial institutions, reasonably satisfactory to the Issuer. To the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding sentence after the use of its commercially reasonable efforts, the Issuer shall furnish such reports to the Holders of the Notes, upon their request. The Issuer may condition the delivery of any such reports to such Holders, prospective investors in the Notes, and securities analysts and market making financial institutions on the agreement of such Persons to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports and the information contained therein for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein) and information.

The Issuer will also hold quarterly conference calls for the Holders of Notes, prospective investors in the Notes and securities analysts and market making financial institutions, to discuss financial information for the previous quarter (it being understood that such quarterly conference call may be the same conference call as with the Issuer’s (or as applicable, any of any Parent Entity’s) equity investors and analysts). The conference call will be following the last day of each fiscal quarter of the Issuer and not later than 10 Business Days from the time that the Issuer distributes the financial information as set forth in the third preceding paragraph. No fewer than two days prior to the conference call, the Issuer will issue a press release or otherwise announce the time and date of such conference call and providing instructions for Holders, securities analysts, prospective investors and market making financial institutions to obtain access to such call.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Unrestricted Subsidiaries hold in the aggregate more than 5.0% of the Total Assets of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

The Indenture will permit the Issuer to satisfy its obligations in this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to OpCo or a Parent Entity; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such OpCo or Parent Entity (and other direct or indirect Parent Entities included in such information, if any), as applicable, on the one hand, and the information relating to the Issuer and its Restricted

Subsidiaries on a standalone basis, on the other hand. For the avoidance of doubt, the consolidating information referred to in the proviso in the preceding sentence need not be audited.

Notwithstanding anything to the contrary set forth above, if the Issuer or any Parent Entity of the Issuer has furnished the Holders of Notes or filed with the SEC the reports described in the preceding paragraphs with respect to the Issuer or any Parent Entity, the Issuer shall be deemed to be in compliance with the provisions of this covenant.

The Trustee shall have no duty to review or analyze any reports furnished to it. Delivery of reports, information and documents to the Trustee under the Indenture is for informational purposes only and the information and the Trustee's receipt of such reports shall not constitute actual or constructive knowledge of the information contained therein or determinable therefrom, including the Issuer's compliance with any of its covenants (as to which the Trustee is entitled to conclusively rely on an Officer's Certificate).

Limitation on Guarantees

The Issuer will not permit any of its Wholly Owned Domestic Subsidiaries that are Restricted Subsidiaries (and non-Wholly Owned Domestic Subsidiaries if such non-Wholly Owned Domestic Subsidiaries guarantee, or are a co-issuer of, other capital markets debt securities of the Issuer), other than a Guarantor, to Guarantee the payment of any Indebtedness of the Issuer or any Guarantor, unless:

- (1) such Restricted Subsidiary within 60 days executes and delivers a supplemental indenture to the Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Note Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Notes or such Guarantor's Guarantee of the Notes; and
- (2) 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 Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee until payment in full of Obligations under the Indenture.

provided that this covenant shall not be applicable (i) to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, or (ii) in the event that the Guarantee of the Issuer's obligations under the Notes or the Indenture by such Subsidiary would not be permitted under applicable law.

The Issuer may elect, in its sole discretion, to cause or allow, as the case may be, any Subsidiary or any of its Parent Entities that is not otherwise required to be a Guarantor to become a Guarantor, in which case, such Subsidiary or Parent Entity shall not be required to comply with the 60-day period described above and such Guarantee may be released at any time in the Issuer's sole discretion so long as any Indebtedness of such Subsidiary then outstanding could have been incurred by such Subsidiary (either (x) when so incurred or (y) at the time of the release of such Guarantee) assuming such Subsidiary were not a Guarantor at such time.

If any Guarantor becomes an Immaterial Subsidiary, the Issuer shall have the right, by delivery of a supplemental indenture executed by the Issuer to the Trustee, to cause such Immaterial Subsidiary to automatically and unconditionally cease to be a Guarantor, subject to the requirement described in the first paragraph above that such Subsidiary shall be required to become a Guarantor if it ceases to be an Immaterial Subsidiary (except that if such Subsidiary has been properly designated as an Unrestricted Subsidiary it shall not be so required to become a Guarantor or execute a supplemental indenture); *provided* that such Immaterial Subsidiary shall not be permitted to Guarantee the Credit Agreement or other Indebtedness of the Issuer or the other Guarantors, unless it again becomes a Guarantor.

Merger, Amalgamation and Consolidation

The Issuer

The Issuer will not consolidate with or merge or amalgamate with or into or convey, transfer or lease all or substantially all its assets, in one transaction or a series of related transactions to any Person, unless:

- (1) the Issuer is the surviving Person or the resulting, surviving or transferee Person (the “*Successor Company*”) will be a Person organized and existing under the laws of the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Issuer) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of Issuer under the Notes and the Indenture and if such Successor Company is not a corporation, a co-obligor of the Notes is a corporation organized or existing under such laws;
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the applicable Successor Company or any Subsidiary of the applicable Successor Company as a result of such transaction as having been Incurred by the applicable Successor Company or such Subsidiary at the time of such transaction), none of the Events of Default described in clauses (1), (2) or (5) thereof shall have occurred and be continuing;
- (3) upon execution of an agreement to enter into such transaction, no Event of Default shall have occurred and be continuing, and, immediately after giving pro forma effect to such transaction, either (a) the applicable Successor Company would be able to Incur at least an additional \$1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—Limitation on Indebtedness” or (b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such transaction or (c) the Consolidated Total Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be higher than it was immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel stating that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company, *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes and the Indenture, and the Issuer will automatically and unconditionally be released and discharged from its obligations under the Notes and the Indenture.

Notwithstanding any other provision of this covenant, (a) the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor, (b) the Issuer may consolidate or otherwise combine with or merge into an Affiliate that is (i) organized or existing under the laws of the jurisdiction of the Issuer or the United States of America, any State of the United States or the District of Columbia or (ii) incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer, (c) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer or a Guarantor, (d) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (e) the Issuer and its Restricted Subsidiaries may complete any Permitted Tax Restructuring.

The foregoing provisions (other than the requirements of clause (2) of this section) shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary.

Guarantors

Subject to certain limitations described in the Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Guarantor, no Guarantor may:

- (1) consolidate with or merge or amalgamate with or into any Person, or
- (2) sell, convey, transfer or dispose of, all or substantially all its assets, in one transaction or a series of related transactions, to any Person, or
- (3) permit any Person to merge or amalgamate with or into such Guarantor, unless
 - (A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor concurrently with the transaction; or
 - (B) (1) either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee and the Indenture; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
 - (C) the transaction constitutes a sale or other disposition or transfer (including by way of consolidation, merger or amalgamation) of the Guarantor or the conveyance, transfer, lease, sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise not prohibited by the Indenture.

Notwithstanding any other provision of this covenant, any Guarantor may (a) consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (b) consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor, (c) convert into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, (d) liquidate or dissolve or change its legal form if the Issuer determines in good faith that such action is in the best interests of the Issuer and (e) complete any Permitted Tax Restructuring. Notwithstanding anything to the contrary in this covenant, the Issuer may contribute Capital Stock of any or all of its Subsidiaries to any Guarantor.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

A sale, lease or other disposition by the Issuer of any part of its assets shall not be deemed to constitute the sale, lease or other disposition of substantially all of its assets for purposes of the Indenture if the fair market value of the assets retained by the Issuer exceeds 100% of the aggregate principal amount of all outstanding Notes and any other outstanding Indebtedness of the Issuer that ranks equally with, or senior to, the Notes with respect to such assets. Such fair market value shall be established by the delivery to the Trustee of an independent expert’s certificate stating the independent expert’s opinion of such fair market value as of a date not more than 90 days before or after such sale, lease or other disposition. This paragraph is not intended to limit the Issuer’s sales, leases or other dispositions of less than substantially all of its assets.

Any reference herein to a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, limited partnership or trust, or an allocation of assets to a series of a limited liability company, limited partnership or trust (or the unwinding of such a division or allocation), as if it were a merger, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company, limited partnership or trust shall constitute a separate Person hereunder (and each division of any limited liability

company, limited partnership or trust that is a Subsidiary, Restricted Subsidiary, Unrestricted Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

Events of Default

Each of the following is an Event of Default under the Indenture:

- (1) default in any payment of interest on any Note when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Issuer or any Guarantor to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any agreement or obligation contained in the Indenture; *provided* that in the case of a failure to comply with the Indenture provisions described under “—Certain Covenants— Reports,” such period of continuance of such default or breach shall be 180 days after written notice described in this clause (3) has been given;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Significant Subsidiary) (or the payment of which is Guaranteed by the Issuer or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Significant Subsidiary)) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:
 - (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (“*payment default*”); or
 - (b) results in the acceleration of such Indebtedness prior to its stated final maturity (the “*cross acceleration provision*”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default of principal at its stated final maturity (after giving effect to any applicable grace periods) or the maturity of which has been so accelerated, aggregates to the greater of \$60 million and 25.0% of LTM EBITDA (measured at the date of such non-payment or acceleration) or more at any one time outstanding;

- (5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the “*bankruptcy provisions*”);
- (6) failure by the Issuer or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries) would constitute a Significant Subsidiary), to pay final judgments aggregating in excess of the greater of \$60 million and 25.0% of LTM EBITDA (measured at the date of such judgment) other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy companies, which final judgments remain unpaid,

undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the “*judgment default provision*”); or

- (7) any Guarantee of the Notes by a Significant Subsidiary ceases to be in full force and effect, other than (1) in accordance with the terms of the Indenture, (2) a Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under its Guarantee of the Notes, other than in accordance with the terms thereof or upon release of such Note Guarantee in accordance with the Indenture or (3) in connection with the bankruptcy of a Guarantor, so long as the aggregate assets of such Guarantor and any other Guarantor whose Note Guarantee ceased or ceases to be in full force as a result of a bankruptcy are less than the greater of \$60 million and 25.0% of LTM EBITDA (measured at the date of such bankruptcy).

However, a Default under clause (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes notify the Issuer of the Default (with a copy to the Trustee, if notice is given by the Holders) and, with respect to clause (6), the Issuer does not cure such Default within the time specified in clause (6) of this paragraph after receipt of such notice; *provided* that a notice of Default may not be given with respect to any action taken, and reported publicly or to Holders, more than two years prior to such notice of Default. Any notice of Default, notice of acceleration or instruction to the Trustee to provide a notice of Default, notice of acceleration or take any other action (a “*Noteholder Direction*”) provided by any one or more Holders (each a “*Directing Holder*”) must be accompanied by a written representation from each such Holder delivered to the Issuer and the Trustee that such Holder is not (or, in the case such Holder is DTC or its nominee, that such Holder is being instructed solely by beneficial owners that are not) Net Short (a “*Position Representation*”), which representation, in the case of a Noteholder Direction relating to the delivery of a notice of Default (a “*Default Direction*”) shall be deemed a continuing representation until the resulting Event of Default is cured or otherwise ceases to exist or the Notes are accelerated. In addition, each Directing Holder is deemed, at the time of providing a Noteholder Direction, to covenant to provide the Issuer with such other information as the Issuer may reasonably request from time to time in order to verify the accuracy of such Noteholder’s Position Representation within five Business Days of request therefor (a “*Verification Covenant*”). In any case in which the Holder is DTC or its nominee, any Position Representation or Verification Covenant required hereunder shall be provided by the beneficial owner of the Notes in lieu of DTC or its nominee and DTC shall be entitled to conclusively rely on such Position Representation and Verification Covenant in delivering its direction to the Trustee.

If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer determines in good faith that there is a reasonable basis to believe a Directing Holder was, at any relevant time, in breach of its Position Representation and provides to the Trustee an Officer’s Certificate stating that the Issuer has initiated litigation in a court of competent jurisdiction seeking a determination that such Directing Holder was, at such time, in breach of its Position Representation, and seeking to invalidate any Event of Default or acceleration (or notice thereof) that resulted from the applicable Noteholder Direction, the cure period with respect to such Event of Default shall be automatically stayed and the cure period with respect to such Event of Default shall be automatically reinstituted and any remedy stayed pending a final and non-appealable determination of a court of competent jurisdiction on such matter. If, following the delivery of a Noteholder Direction, but prior to acceleration of the Notes, the Issuer provides to the Trustee an Officer’s Certificate stating that a Directing Holder failed to satisfy its Verification Covenant, the cure period with respect to such Default shall be automatically stayed and the cure period with respect to any Default or Event of Default that resulted from the applicable Noteholder Direction shall be automatically reinstituted and any remedy stayed pending satisfaction of such Verification Covenant. Any breach of the Position Representation shall result in such Holder’s participation in such Noteholder Direction being disregarded; and, if, without the participation of such Holder, the percentage of Notes held by the remaining Holders that provided such Noteholder Direction would have been insufficient to validly provide such Noteholder Direction, such Noteholder Direction shall be void ab initio (other than any indemnity such Directing Holder may have offered to the Trustee), with the effect that such Event of Default shall be deemed never to have occurred, acceleration voided and the Trustee shall be deemed not to have received such Noteholder Direction or any notice of such Default or Event of Default.

Notwithstanding anything in the preceding two paragraphs to the contrary, any Noteholder Direction delivered to the Trustee during the pendency of an Event of Default as the result of a bankruptcy or similar proceeding shall not require compliance with the foregoing paragraphs.

For the avoidance of doubt, the Trustee shall be entitled to conclusively rely on any Noteholder Direction delivered to it in accordance with the Indenture and shall have no duty to inquire as to or investigate the accuracy of any Position Representation, enforce compliance with any Verification Covenant, verify any statements in any Officer's Certificate delivered to it, or otherwise make calculations, investigations or determinations with respect to Derivative Instruments, Net Shorts, Long Derivative Instruments, Short Derivative Instruments or otherwise. The Trustee shall have no liability to the Issuer, any Holder or any other Person in acting in good faith on a Noteholder Direction.

If an Event of Default (other than an Event of Default described in clause (5) above with respect to the Issuer) occurs and is continuing, the Trustee by written notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes by written notice to the Issuer and the Trustee may declare the principal of and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because of an Event of Default described in clause (4) under "—Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled, waived and rescinded if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto and if the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction.

If an Event of Default described in clause (5) above with respect to the Issuer occurs and is continuing, the principal of and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal or interest which may only be waived with the consent of each affected Holder) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "*Initial Default*") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Certain Covenants—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture. Any time period in the Indenture to cure any actual or alleged Default or Event of Default may be extended or stayed by a court of competent jurisdiction to the extent such actual or alleged Default or Event of Default is the subject of litigation.

The Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered and, if requested, provided to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

- (2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;
- (3) such Holders have offered in writing and, if requested, provided to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and
- (5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60- day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing and is actually known or notified in writing to a responsible officer of the Trustee, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability (it being understood that the Trustee has no duty to determine if any directed action is prejudicial to any Holder). Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it against all fees, losses, liabilities and expenses that may be caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof. The Trustee will not be deemed to have knowledge of any Defaults or Events of Default unless written notice of an event, which is in fact a Default, has been delivered to the Trustee at its office specified in the Indenture and such notice references the Notes and the Indenture and states that it is a "Notice of Default."

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);
- (3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

- (4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under “—Optional Redemption”;
- (5) make any such Note payable in currency other than that stated in such Note;
- (6) impair the contractual right of any Holder to receive payment of principal of and interest on such Holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder’s Notes (and, for the avoidance of doubt, the amendment, supplement or modification in accordance with the terms of the Indenture of the covenants described above under the captions “—Change of Control” and “—Certain Covenants” and clauses (3), (4), (6) and (7) of “—Events of Default” and the related definitions shall be deemed not to impair the contractual right of any Holder to receive payment of principal of and interest on such Holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder’s Note);
- (7) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);
- (8) make any change in the amendment or waiver provisions which require the Holders’ consent described in this sentence; or
- (9) except as expressly not prohibited by the Indenture, modify any Note Guarantees of any Significant Subsidiary in any manner materially adverse to the Holders.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents and the Issuer may direct the Trustee to enter into an amendment to the Note Documents to:

- (1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this “Description of the Notes,” or reduce the minimum denomination of the Notes;
- (2) provide for the assumption by a successor Person of the obligations of the Issuer or a Guarantor under any Note Document or to comply with the covenant described under “—Certain Covenants—Merger, Amalgamation and Consolidation”;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of the Indenture relating to the form of the Notes (including related definitions);
- (4) add to or modify the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;
- (5) make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the rights of any Holder in any material respect;
- (6) at the Issuer’s election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;
- (7) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes in accordance with the terms of the Indenture;
- (8) provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the Covenant described under “—Certain Covenants—Limitation on Indebtedness,” to add

Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture;

- (9) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document;
- (10) secure the Notes and/or the related Guarantees or to add collateral thereto;
- (11) add an obligor or a Guarantor under the Indenture;
- (12) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as not prohibited by the Indenture, including, without limitation, to facilitate the issuance and administration of Notes; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (ii) such amendment does not adversely affect the rights of Holders to transfer the Notes in any material respect;
- (13) comply with the rules and procedures of any applicable securities depository; and
- (14) make any amendment to the provisions of the Indenture, the Guarantees and/or the Notes to eliminate the effect of any Accounting Change or in the application thereof as described in the last paragraph of the definition of “GAAP.”

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder’s Notes will not be rendered invalid by such tender.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Note Documents (“*legal defeasance*”) and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of 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.

The Issuer at any time may terminate the obligations of the Issuer and the Restricted Subsidiaries under the covenants described under “—Certain Covenants” (other than clauses (1) and (2) of “—Certain Covenants—Merger, Amalgamation and Consolidation”) and “—Change of Control” and the default provisions relating to such covenants described under “—Events of Default” above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision and the guarantee provision described under “—Events of Default” above (“*covenant defeasance*”).

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes so long as no Notes are then outstanding. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) (with respect only to Significant Subsidiaries), (6) or (7) under “—Events of Default” above.

In order to exercise either defeasance option, the Issuer (i) must irrevocably deposit in trust (the “*defeasance trust*”) with the Trustee cash in U.S. dollars or U.S. Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be; *provided*, that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit as of the date of redemption (any such amount, the “*Applicable Premium Deficit*”) only required to be deposited with the Trustee on or prior to the date of redemption. Any Applicable Premium Deficit shall be set forth in an Officer’s Certificate delivered to the Trustee at least two Business Days prior to the redemption date that confirms that such Applicable Premium Deficit shall be applied toward such redemption, and (ii) must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, stating that Holders of the Notes, in their capacity as Holders of the Notes, will not recognize income, gain or loss for U.S. federal income Tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income Tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income Tax law since the issuance of the Notes);
- (2) an Officer’s Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer; and
- (3) an Officer’s 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 legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of transfer or exchange of the Notes and indemnification rights of the Trustee, as expressly provided for in the Indenture) as to all Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) 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 Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee, money in U.S. dollars or U.S. Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount is deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate, with any Applicable Premium Deficit only required to be deposited with the Trustee on or prior to the date of redemption, and any Applicable Premium Deficit shall be set forth in an Officer’s Certificate delivered to the Trustee at least two Business Days prior to the redemption date that confirms that such Applicable Premium Deficit shall be applied toward such redemption; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel each stating that all conditions precedent under the “—Satisfaction and Discharge” section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer’s Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee

Wilmington Trust, National Association will be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default actually known or notified in writing to a responsible officer of the Trustee, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default actually known or notified in writing to a responsible officer of the Trustee, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the registrar. For so long as any Notes are represented by global notes, all notices to Holders of the Notes will be delivered to DTC in accordance with the applicable procedures of DTC, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of book-entry interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the earlier of such publication and the fifth day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Person if so mailed within the time prescribed.

Failure to electronically deliver or mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is electronically delivered or mailed in the manner provided above, it is duly given, whether or not the addressee receives it. Notices to the Trustee shall be deemed given upon receipt by the Trustee.

Governing Law

The Indenture and the Notes, including any Note Guarantees and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

“*ABL*” means the ABL Credit Agreement, dated June 11, 2019, among BCPE Empire Intermediate, Inc., BCPE Empire Holdings, Inc., the Subsidiaries thereto and the other lenders from time to time parties thereto, and JPMorgan Chase Bank, N.A., as the administrative agent and the collateral agent, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any one or more agreements (and related documents) governing Indebtedness, including indentures, incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder, in whole or in part), the borrowings and commitments then outstanding or permitted to be outstanding under such ABL or one or more successors to the ABL or one or more new credit agreements.

“*Acquired Indebtedness*” means with respect to any Person (x) Indebtedness of any other Person or any of its Subsidiaries existing at the time such other Person becomes a Restricted Subsidiary or merges or amalgamates with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary and (y) Indebtedness secured by a Lien encumbering any asset acquired by such Person. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (x) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary or on the date of the relevant merger, amalgamation, consolidation, acquisition or other combination.

“*Additional Assets*” means:

- (1) any property or assets (other than Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

“*Affiliate*” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Alternative Currency*” means any currency (other than U.S. dollars) that is a lawful currency (other than U.S. dollars) that is readily available and freely transferable and convertible into U.S. dollars (as determined in good faith by the Issuer).

“*Applicable Premium*” means the greater of (A) 1.0% of the principal amount of such Note and (B) on any redemption date, the excess (to the extent positive) of:

- (a) the present value at such redemption date of (i) the redemption price of such Note at , 2023 (such redemption price (expressed in percentage of principal amount) being set forth in the table under “—Optional Redemption” (excluding accrued but unpaid interest, if any)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest, if any), computed upon the redemption date using a discount rate equal to the Applicable Treasury Rate at such redemption date plus 50 basis points; over
- (b) the outstanding principal amount of such Note;

in each case, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. The Trustee shall have no duty to calculate or verify the calculations of the Applicable Premium.

“*Applicable Treasury Rate*” means the weekly average rounded to the nearest 1/100th of a percentage point (for the most recently completed week for which such information is available as of the date that is two Business Days prior to the redemption date) of the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 with respect to each applicable day during such week (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to , 2023; *provided, however*, that if the period from the redemption date to , 2023 is not equal to the constant maturity of a United States Treasury security for which such yield is given, the Applicable Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to such applicable date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

“*Asset Disposition*” means:

- (a) the voluntary sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Issuer or any of its Restricted Subsidiaries (in each case other than Capital Stock of the Issuer) (each referred to in this definition as a “*disposition*”); or
- (b) the issuance or sale of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under “—Certain Covenants—Limitation on Indebtedness” or directors’ qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions;

in each case, other than:

- (1) a disposition by the Issuer or a Restricted Subsidiary to the Issuer or a Restricted Subsidiary, including pursuant to any Intercompany License Agreement;
- (2) a disposition of cash, Cash Equivalents or Investment Grade Securities, including any marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date;
- (3) a disposition of inventory, goods or other assets (including Settlement Assets) in the ordinary course of business or consistent with past practice or held for sale or no longer used in the ordinary course of business, including any disposition of disposed, abandoned or discontinued operations;

- (4) a disposition of obsolete, worn out, uneconomic, damaged or surplus property, equipment or other assets or property, equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Issuer and its Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries (including by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer or any Restricted Subsidiary determines in its reasonable business judgment that such action or inaction is desirable);
- (5) transactions permitted under “—Certain Covenants—Merger, Amalgamation and Consolidation” or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than the greater of \$40 million and 17.5% of LTM EBITDA;
- (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under “—Certain Covenants—Limitation on Restricted Payments” and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock,” asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) dispositions in connection with Permitted Liens, Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practice or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) conveyances, sales, transfers, licenses, sub-licenses, cross-licenses or other dispositions of intellectual property, software or other general intangibles and licenses, sub-licenses, cross-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice or pursuant to a research or development agreement in which the counterparty to such agreement receives a license in the intellectual property or software that results from such agreement;
- (12) the lease, assignment, license, sub-lease or cross-license of any real or personal property in the ordinary course of business;
- (13) foreclosure, condemnation, expropriation, forced disposition or any similar action with respect to any property or other assets;
- (14) the sale, discount or other disposition (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of inventory, accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practice, or the conversion or exchange of accounts receivable for notes receivable;

- (15) any issuance or sale of Capital Stock in, or Indebtedness or other securities of, an Unrestricted Subsidiary or any other disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary or an Immaterial Subsidiary;
- (16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (17) (i) dispositions of property to the extent that such property is exchanged for credit against the purchase price of similar replacement property that is promptly purchased, (ii) dispositions of property to the extent that the proceeds of such disposition are promptly applied to the purchase price of such replacement property (which replacement property is actually promptly purchased), and (iii) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Similar Business;
- (18) any disposition of Securitization Assets or Receivables Assets, or participations therein, in connection with any Qualified Securitization Financing or Receivables Facility not prohibited by the Indenture, or the disposition of an account receivable in connection with the collection or compromise thereof in the ordinary course of business or consistent with past practice;
- (19) any financing transaction with respect to property constructed, acquired, leased, renewed, relocated, expanded, maintained, upgraded, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, not prohibited by the Indenture;
- (20) sales, transfers or other dispositions of Investments in joint ventures or similar entities to the extent required by, or made pursuant to customary buy/sell arrangements between, the parties to such joint venture set forth in joint venture arrangements and similar binding arrangements;
- (21) any surrender or waiver of contractual rights or the settlement, release, surrender or waiver of contractual, tort, litigation or other claims of any kind;
- (22) the unwinding of any Cash Management Services or Hedging Obligations;
- (23) dispositions of non-core assets;
- (24) transfers of property or assets subject to Casualty Events upon receipt of the Net Proceeds of such Casualty Event; *provided* that any Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of such Casualty Event shall be deemed to be Net Available Cash of an Asset Disposition, and such Net Available Cash shall be applied in accordance with the covenant described under “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock”;
- (25) any sale of property or assets, if the acquisition of such property or assets was financed with Excluded Contributions and the proceeds of such sale are used to make a Restricted Payment pursuant to clause (10)(b) under the second paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”;
- (26) the disposition of any assets (including Capital Stock) (i) acquired in a transaction after the Issue Date, which assets are not useful in the core or principal business of the Issuer and its Restricted Subsidiaries, or (ii) made in connection with the approval of any applicable antitrust authority or

otherwise necessary or advisable in the reasonable determination of the Issuer to consummate any acquisition;

- (27) any sale, transfer or other disposition to affect the formation of any Subsidiary that is a Delaware Divided LLC; *provided* that upon formation of such Delaware Divided LLC, such Delaware Divided LLC shall be a Restricted Subsidiary; and
- (28) any disposition of non-revenue producing assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under “—Certain Covenants—Limitation on Restricted Payments,” the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under “—Certain Covenants—Limitation on Restricted Payments.”

“*Associate*” means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

“*Available RP Capacity Amount*” means the amount of Restricted Payments that may be made at the time of determination pursuant to clause (b) of the first paragraph under the covenant described in “—Certain Covenants—Limitation on Restricted Payments” and clauses (6), (10), (12) and (16) of the second paragraph under the covenant described in “—Certain Covenants—Limitation on Restricted Payments”; *provided* that the capacity available to make Restricted Payments pursuant to the provisions of the covenant described in “—Certain Covenants—Limitation on Restricted Payments” described in the clauses above shall be reduced (with such reduction to be classified and/or reclassified among such clauses by the Issuer as described in the third paragraph under “—Certain Covenants—Limitation on Restricted Payments”) by the aggregate principal amount of Indebtedness that has been incurred pursuant to and to the extent outstanding under clause (20) of the second paragraph under “—Certain Covenants—Limitation on Indebtedness.”

“*Board of Directors*” means (i) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (ii) with respect to any partnership, the board of directors or other governing body of the general partner, as applicable, of the partnership or any duly authorized committee thereof; (iii) with respect to a limited liability company, the managing member or members or any duly authorized controlling committee thereof; and (iv) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Issuer.

“*Borrowing Base*” at any given time means an amount equal to:

- (a) 90% of the face amount of all accounts receivable and all billings and unbilled receivables (other than investment grade accounts receivable) owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal month preceding the date of determination; *plus*
- (b) 100% of the book value of all inventory owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal month preceding the date of determination; *plus*
- (c) 95% of the face amount of all credit card receivables and investment grade accounts receivable owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal month preceding the date of determination; *plus*

- (d) 100% of all cash held in a deposit account either (x) maintained with the administrative agent under the ABL or (y) over which the administrative agent under the ABL has a perfected security interest;

in each case, of the Issuer and its Restricted Subsidiaries in accordance with GAAP, as of the most recently ended fiscal month internally available to the Issuer immediately preceding the date of determination and measured as of the date of incurrence or establishment of commitments (at the Issuer's election).

The Borrowing Base shall be calculated on a pro forma basis to include any accounts receivable, inventory, credit card receivables, unbilled receivables and billings owned by an entity that is to be merged with or into the Issuer or a Restricted Subsidiary or is to become a Restricted Subsidiary on the date of determination.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, United States or in the jurisdiction of the place of payment are authorized or required by law to close. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day and such extension of time shall not be reflected in computing interest or fees, as the case may be.

"Business Successor" means (i) any former Subsidiary of the Issuer and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Issuer (that results in such Subsidiary ceasing to be a Subsidiary of the Issuer), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Issuer.

"Capital Stock" of any Person means any and all shares of, rights to purchase or acquire, warrants, options or depositary receipts for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Capitalized Software Expenditures" means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

"Captive Insurance Subsidiary" means (i) any Subsidiary of the Issuer operating for the purpose of (a) insuring the businesses, operations or properties owned or operated by the Parent Entity, the Issuer or any of its Subsidiaries, including their future, present or former employee, director, officer, manager, contractor, consultant or advisor (or their respective Controlled Investment Affiliates or Immediate Family Members), and related benefits and/or (b) conducting any activities or business incidental thereto (it being understood and agreed that activities which are relevant or appropriate to qualify as an insurance company for U.S. federal or state tax purposes shall be considered "activities or business incidental thereto") or (ii) any Subsidiary of any such insurance subsidiary operating for the same purpose described in clause (i) above.

"Cash Equivalents" means:

- (1) U.S. dollars, Canadian dollars, Swiss Francs, United Kingdom pounds, Euro or any national currency of any member state of the European Union on the Issue Date; or (b) any other foreign currency held by the Issuer and the Restricted Subsidiaries in the ordinary course of business;
- (2) securities issued or directly and fully Guaranteed or insured by the United States, Canadian, Swiss or United Kingdom governments, a member state of the European Union or, in each case, or any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such

member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

- (3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of \$100 million;
- (4) repurchase obligations for underlying securities of the types described in clauses (2), (3) and (7) entered into with any bank meeting the qualifications specified in clause (3) above;
- (5) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in clause (3) above;
- (6) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in clause (3) above (or by the parent company thereof) maturing within one year after the date of creation thereof or any commercial paper and variable or fixed rate note issued by, or guaranteed by a corporation rated at least (A) "A-1" or higher by S&P or "P-1" or higher by Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) maturing within two years after the date of creation thereof or (B) "A-2" or higher by S&P or "P-2" or higher by Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) maturing within one year after the date of creation thereof, or, in each case, if no rating is available in respect of the commercial paper or fixed rate notes, the issue of which has an equivalent rating in respect of its long-term debt;
- (7) marketable short-term money market and similar securities having a rating of at least "P-2" or "A-2" from either S&P or Moody's, respectively (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer), and in each case maturing within 24 months after the date of creation or acquisition thereof;
- (8) readily marketable direct obligations issued by any state, province, commonwealth or territory of the United States of America, Canada, Switzerland, the United Kingdom, any member state of the European Union or any political subdivision, taxing authority or public instrumentality thereof, in each case, having one of the two highest ratings categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of creation or acquisition;
- (9) readily marketable direct obligations issued by any foreign government or any political subdivision, taxing authority or public instrumentality thereof, in each case, having one of the two highest ratings categories obtainable by S&P or Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of not more than two years from the date of acquisition;
- (10) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated within the three highest ratings categories by S&P or Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer);

- (11) with respect to any Foreign Subsidiary: (i) its obligations of the national government of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, in each case maturing within one year after the date of investment therein, (ii) certificates of deposit of, bankers' acceptance of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Foreign Subsidiary maintains its chief executive office and principal place of business provided such country is a member of the Organization for Economic Cooperation and Development, and whose short-term commercial paper rating from S&P is at least "A-2" or the equivalent thereof or from Moody's is at least "P-2" or the equivalent thereof (any such bank being an "*Approved Foreign Bank*"), and in each case with maturities of not more than 270 days from the date of acquisition and (iii) the equivalent of demand deposit accounts which are maintained with an Approved Foreign Bank;
- (12) Indebtedness or Preferred Stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization selected by the Issuer) with maturities of 24 months or less from the date of acquisition;
- (13) bills of exchange issued in the United States, Canada, Switzerland, the United Kingdom, a member state of the European Union or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (14) investments in money market funds access to which is provided as part of "sweep" accounts maintained with any bank meeting the qualifications specified in clause (3) above;
- (15) investments in industrial development revenue bonds that (i) "re-set" interest rates not less frequently than quarterly, (ii) are entitled to the benefit of a remarketing arrangement with an established broker dealer and (iii) are supported by a direct pay letter of credit covering principal and accrued interest that is issued by any bank meeting the qualifications specified in clause (3) above;
- (16) investments in pooled funds or investment accounts consisting of investments in the nature described in the foregoing clause (15);
- (17) Cash Equivalents or instruments similar to those referred to in clauses (1) through (16) above denominated in Dollars or any Alternative Currency;
- (18) interests in any investment company, money market, enhanced high yield fund or other investment fund which invests 90% or more of its assets in instruments of the types specified in clauses (1) through (17) above; and
- (19) for purposes of clause (2) of the definition of "Asset Disposition," any marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

In the case of Investments by any Foreign Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States of America, Cash Equivalents shall also include (i) investments of the type and maturity described in clauses (1) through (9) and clauses (11) through (14) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (ii) other short-term investments utilized by Foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (14) and in this paragraph. Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clause (1) above, *provided* that such amounts are converted into any currency listed in clause (1) as promptly as practicable and in any event within 10 Business Days following the receipt of such amounts. For the avoidance of doubt, any

items identified as Cash Equivalents under this definition (other than clause (16) above) will be deemed to be Cash Equivalents for all purposes under the Indenture regardless of the treatment of such items under GAAP.

“*Cash Management Obligations*” means (1) obligations in respect of any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements, electronic fund transfer, treasury services and cash management services, including controlled disbursement services, working capital lines, lines of credit, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services, or other cash management arrangements or any automated clearing house arrangements, (2) other obligations in respect of netting or setting off arrangements, credit, debit or purchase card programs, stored value card and similar arrangements and (3) obligations in respect of any other services related, ancillary or complementary to the foregoing (including any overdraft and related liabilities arising from treasury, depository, cash pooling arrangements and cash management services, corporate credit and purchasing cards and related programs or any automated clearing house transfers of funds).

“*Cash Management Services*” means any of the following to the extent not constituting a line of credit (other than an overnight draft facility that is not in default): automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including, without limitation, controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

“*Casualty Event*” means any event that gives rise to the receipt by the Issuer or any Restricted Subsidiary of any insurance proceeds or condemnation awards in respect of any equipment, assets or real property (including any improvements thereon) to replace or repair such equipment, assets or real property.

“*CFC*” means any Foreign Subsidiary that is a “controlled foreign corporation” within the meaning of Section 957 of the Code.

“*CFC Holding Company*” means any domestic Subsidiary of the Issuer and Guarantors substantially all the assets of which consist (directly or indirectly through disregarded entities or partnerships) of equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income Tax purposes) in, and/or indebtedness (as determined for U.S. Tax purposes) issued by, one or more CFCs or CFC Holding Companies, and cash and cash equivalents and other assets being held on a temporary basis incidental to the holding of such equity interests or indebtedness.

“*Change of Control*” means:

- (1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders or a Parent Entity, that is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date) of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that (x) so long as the Issuer is a Subsidiary of any Parent Entity, no person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in any Voting Stock of which any such person is the beneficial owner; or
- (2) the sale or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to a Person (other than the Issuer or any of its Restricted Subsidiaries or one or more Permitted Holders) and any “person” (as defined in clause (1) above), other than one or more Permitted Holders or any Parent Entity, is or becomes the “beneficial owner” (as so defined) of more than 50% of the total voting power of the Voting Stock of the transferee Person in such sale or transfer of assets, as the case may be; *provided* that

(x) so long as the Issuer is a Subsidiary of any Parent Entity, no person shall be deemed to be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of the Issuer unless such person shall be or become a beneficial owner of more than 50% of the total voting power of the Voting Stock of such Parent Entity (other than a Parent Entity that is a Subsidiary of another Parent Entity) and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in any Voting Stock of which any such Person is the beneficial owner.

Notwithstanding the preceding or any provision of Section 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Issuer owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by such group or any other member of such group for purposes of determining whether a Change of Control has occurred, (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person's parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the board of directors (or similar body) of such parent entity and (iv) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Consolidated Depreciation and Amortization Expense” means, with respect to any Person for any period, the total amount of depreciation and amortization expense and capitalized fees, including amortization or write-off of (i) intangible assets and non-cash organization costs, (ii) deferred financing and debt issuance fees, costs and expenses, (iii) capitalized expenditures (including Capitalized Software Expenditures), customer acquisition costs and incentive payments, media development costs, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities and (iv) capitalized fees related to any Qualified Securitization Financing or Receivables Facility, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP and any write down of assets or asset value carried on the balance sheet.

“Consolidated EBITDA” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

- (1) increased (without duplication) by:
 - (a) Fixed Charges of such Person for such period (including (w) non-cash rent expense, (x) net payments and losses or any obligations on any Hedging Obligations or other derivative instruments, (y) bank, letter of credit and other financing fees and (z) costs of surety bonds in connection with financing activities, plus amounts excluded from the definition of “Consolidated Interest Expense” and any non-cash interest expense), to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*
 - (b) (x) provision for Taxes based on income, profits, revenue or capital, including federal, foreign, state, provincial, territorial, local, unitary, excise, property, franchise, value added and similar Taxes (such as, but not limited to, Delaware franchise tax, Pennsylvania capital tax, Texas margin tax and provincial capital taxes paid in Canada) and withholding Taxes (including any future Taxes or other levies which replace or are intended to be in lieu of such Taxes and any penalties, additions to Tax and interest related to such Taxes or arising from Tax examinations) and similar Taxes of such Person

paid or accrued during such period (including in respect of repatriated funds), (y) any distributions made to a Parent Entity with respect to the foregoing and (z) the net tax expense associated with any adjustments made pursuant to the definition of “Consolidated Net Income” in each case, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*

- (c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*
- (d) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transaction costs associated with becoming a public company, including Public Company Costs), Permitted Investment, Restricted Payment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by the Indenture (including a refinancing thereof) (whether or not successful and including any such transaction consummated prior to the Issue Date), including (i) such fees, expenses or charges (including rating agency fees, consulting fees and other related expenses and/or letter of credit or similar fees) related to the offering or incurrence of, or ongoing administration of the Notes, the Senior Secured Credit Facilities, any other Credit Facilities, any Securitization Fees and the Transactions, including Transaction Expenses, and (ii) any amendment, waiver or other modification of the Notes, the Senior Secured Credit Facilities, Receivables Facilities, Securitization Facilities, any other Credit Facilities, any Securitization Fees, any other Indebtedness or any Equity Offering, in each case, whether or not consummated, to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*
- (e) the amount of any restructuring charge, accrual, reserve (and adjustments to existing reserves) or expense, integration cost, inventory optimization programs or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives and tax restructurings) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any costs incurred in connection with acquisitions or divestitures after the Issue Date, any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), costs related to entry into new markets (including unused warehouse space costs) and new product introductions (including labor costs, scrap costs and lower absorption of costs, including due to decreased productivity and greater inefficiencies), systems development and establishment costs, operational and reporting systems, technology initiatives, contract termination costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities (including severance, rent termination, moving and legal costs) and to exiting lines of business and consulting fees incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlement thereof; *plus*
- (f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including (i) non-cash losses on the sale of assets and any write-offs or write-downs, deferred revenue or impairment charges, (ii) impairment charges, amortization (or write offs) of financing costs (including debt discount, debt issuance costs and commissions and other fees associated with Indebtedness, including the Notes and the Senior Secured Credit Facilities) of such Person and its Subsidiaries and/or (iii) the impact of acquisition method accounting adjustment and any non-cash write-up, write-down or write-off with respect to re-valuing assets and liabilities in connection with the Transactions or any Investment, deferred revenue or any effects of adjustments resulting from the application of purchase

accounting, purchase price accounting (including any step-up in inventory and loss of profit on the acquired inventory) (*provided* that if any such non-cash charge, write-down, expense, loss or item represents an accrual or reserve for potential cash items in any future period, (A) the Issuer may elect not to add back such non-cash charge, expense or loss in the current period and (B) to the extent the Issuer elects to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA when paid), or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net Income (excluding any amortization of a prepaid cash item that was paid in a prior period or such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

- (g) the amount of pro forma “run rate” cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target’s Public Company Costs), operating expense reductions, other operating improvements (including the entry into material contracts or arrangements), revenue enhancements, and initiatives and synergies (including, to the extent applicable, from (i) the Transactions, (ii) the effect of new customer contracts or projects and/or (iii) increased pricing or volume in existing contracts) (it is understood and agreed that “run rate” means the full recurring benefit for a period that is associated with any action taken, committed to be taken or expected to be taken, net of the amount of actual benefits realized during such period from such actions) projected by the Issuer in good faith to be reasonably anticipated to be realizable or a plan for realization shall have been established within 36 months of the date thereof (including from any actions taken in whole or in part prior to such date), which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings (including cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings and any savings expected to result from the reduction of a public target’s Public Company Costs), operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period, net of the amount of actual benefits realized prior to or during such period from such actions; *plus*
- (h) any costs or expenses incurred by the Issuer or a Restricted Subsidiary or a Parent Entity pursuant to any management equity plan, stock option plan, phantom equity plan, profits interests or any other management, employee benefit or other compensatory plan or agreement (and any successor plans or arrangements thereto), employment, termination or severance agreement, or any stock subscription or equityholder agreement, and any costs or expenses in connection with the roll-over, acceleration or payout of Capital Stock held by management, to the extent that such costs or expenses are non-cash or otherwise funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer; *plus*
- (i) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*
- (j) any net loss included in the Consolidated Net Income attributable to non-controlling or minority interests pursuant to the application of Accounting Standards Codification Topic 810-10-45 (or any successor provision or other financial accounting standard having a similar result or effect); *plus*

- (k) the amount of any non-controlling or minority interest expense consisting of Subsidiary income attributable to non-controlling or minority equity interests of third parties in any non-wholly owned Subsidiary; *plus*
- (l) (i) unrealized or realized foreign exchange losses resulting from the impact of foreign currency changes and (ii) gains and losses due to fluctuations in currency values and related Tax effects determined in accordance with GAAP; *plus*
- (m) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a), (b) and (c) above relating to such joint venture corresponding to the Issuer's and its Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent deducted (and not added back) in computing Consolidated Net Income; *plus*
- (n) the amount of any costs, charges or expenses relating to payments made to stock appreciation or similar rights, stock option, restricted stock, phantom equity, profits interests or other interests or rights holders of the Issuer or any of its Subsidiaries or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or any of its Subsidiaries or any Parent Entities, which payments are being made to compensate such holders as though they were equityholders at the time of, and entitled to share in, such distribution; *plus*
- (o) (i) adjustments of the nature or type used in connection with the calculation of "Adjusted EBITDA" as set forth in footnote (1) of "Summary—Summary Historical Consolidated Financial Data" contained in the offering memorandum and other adjustments of a similar nature to the foregoing and (ii) any due diligence quality of earnings report from time to time prepared with respect to the target of an acquisition or Investment by a nationally recognized accounting firm; *plus*
- (p) losses, charges and expenses related to the pre-opening and opening of new locations, and start-up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; *plus*
- (q) rent expense as determined in accordance with GAAP not actually paid in cash during such period (net of rent expense paid in cash during such period over and above rent expense as determined in accordance with GAAP); *plus*
- (r) losses, charges and expenses related to a new location, plant or facility until the date that is 24 months after the date of commencement of construction or the date of acquisition thereof, as the case may be; *plus*
- (s) any non-cash increase in expense resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances) or other inventory adjustments; *plus*
- (t) (1) the net increase (which, for the avoidance of doubt, shall not be negative), if any, of the difference between: (i) the deferred revenue of such Person and its Restricted Subsidiaries, as of the last day of such period (the "*Determination Date*") and (ii) the deferred revenue of such Person and its Restricted Subsidiaries as of the date that is 12 months prior to the Determination Date, and (2) without duplication of any adjustment pursuant to clause (1), the net adjustment for the annualized full-year gross profit contribution from new customer contracts signed during the 12 months prior to the Determination Date; *plus*

- (u) any fees, costs and expenses incurred in connection with the adoption or implementation of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect), and any non-cash losses or charges resulting from the application of Accounting Standards Codification Topic 606—Revenue from Contracts with Customers (or any successor provision or other financial accounting standard having a similar result or effect); *plus*
 - (v) any fees, costs, expenses or charges related to or recorded in cost of sales to recognize cost on a last-in-first-out basis; and
- (2) decreased (without duplication) by:
- (a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period; *plus*
 - (b) non-cash gains relating to the application of Accounting Standards Codification Topic 842—Leases (or any successor provision or other financial accounting standard having a similar result or effect).

“*Consolidated First Lien Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness of a Person secured by a Lien on the collateral securing the Credit Agreement (other than Indebtedness secured with a lien that is junior in priority to the Liens on the collateral securing the Credit Agreement) as of such date to (y) LTM EBITDA of a Person.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, without duplication, the sum of:

- (1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in mark-to-market valuation of any Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Finance Lease Obligations, and (e) net payments, if any made (less net payments, if any, received), pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (i) Securitization Fees, (ii) penalties, additions to Tax and interest relating to Taxes, (iii) annual agency or similar fees paid to the administrative agents, collateral agents and other agents under any Credit Facility, (iv) any additional interest or liquidated damages owing pursuant to any registration rights obligations, (v) costs associated with obtaining Hedging Obligations, (vi) accretion or accrual of discounted liabilities other than Indebtedness, (vii) any expense resulting from the discounting of any Indebtedness in connection with the application of recapitalization accounting or purchase accounting in connection with the Transactions or any acquisition, (viii) amortization, expensing or write-off of deferred financing fees, amendment and consent fees, debt issuance costs, debt discount or premium, terminated hedging obligations and other commissions, fees and expenses, discounted liabilities, original issue discount and any other amounts of non-cash interest and, adjusted to the extent included, to exclude any refunds or similar credits received in connection with the purchasing or procurement of goods or services under any purchasing card or similar program, (ix) any expensing of bridge, arrangement, structuring, commitment, agency, consent and other financing fees and any other fees related to the Transactions or any acquisitions after the Issue Date, (x) any accretion of accrued interest on discounted liabilities and any prepayment, make-whole or breakage premium, penalty or cost, (xi) interest expense with respect to Indebtedness of any direct or indirect parent of such Person

resulting from push-down accounting) and (xii) any lease, rental or other expense in connection with a Non-Financing Lease Obligations; *plus*

- (2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; *less*
- (3) interest income for such period.

For purposes of this definition, interest on a Finance Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Finance Lease Obligation in accordance with GAAP.

“*Consolidated Net Income*” means, with respect to any Person for any period, the net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP and before any reduction in respect of Preferred Stock dividends; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from investments recorded in such Person under the equity method of accounting), except that the Issuer’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted into cash or Cash Equivalents) or that (as determined by the Issuer in its reasonable discretion) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment;
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (b)(ii) of the first paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments,” any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary’s articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its stockholders (other than (a) restrictions that have been waived or otherwise released (or such Person reasonably believes such restriction could be waived or released and is using commercially reasonable efforts to pursue such waiver or release), (b) restrictions pursuant to the Senior Secured Credit Facilities, the Notes, the Indenture or other similar indebtedness and (c) restrictions specified in clause (14)(i) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries”), except that the Issuer’s or OpCo’s, as applicable, equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed (or to the extent converted, or having the ability to be converted, into cash or Cash Equivalents) or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or OpCo’s, as applicable, or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any gain (or loss) (a) in respect of facilities no longer used or useful in the conduct of the business of the Issuer or its Restricted Subsidiaries, abandoned, transferred, closed, disposed or discontinued operations, (b) on disposal, abandonment or discontinuance of disposed, abandoned, transferred, closed or discontinued operations, and (c) attributable to asset dispositions, abandonments, sales or other dispositions of any asset (including pursuant to any Sale and Leaseback Transaction) or the designation of an Unrestricted Subsidiary other than in the ordinary course of business;

- (4) (a) any extraordinary, exceptional, unusual, infrequently occurring or nonrecurring loss, charge or expense, Transaction Expenses, Public Company Costs, restructuring and duplicative running costs, restructuring charges or reserves (whether or not classified as restructuring expense on the consolidated financial statements), relocation costs, start-up or initial costs for any project or new production line, division or new line of business, integration and facilities' or bases' opening costs, facility consolidation and closing costs, severance costs and expenses, one-time charges (including compensation charges), payments made pursuant to the terms of change in control agreements that the Issuer or a Subsidiary or a Parent Entity had entered into with employees of the Issuer, a Subsidiary or a Parent Entity, costs relating to pre-opening, opening and conversion costs for facilities, losses, costs or cost inefficiencies related to project terminations, facility or property disruptions or shutdowns (including due to work stoppages, natural disasters and epidemics), signing, retention and completion bonuses (including management bonus pools), recruiting costs, costs incurred in connection with any strategic or cost savings initiatives, transition costs, contract terminations, litigation and arbitration fees, costs and charges, expenses in connection with one-time rate changes, costs incurred with acquisitions, investments and dispositions (including travel and out-of-pocket costs, human resources costs (including relocation bonuses), litigation and arbitration costs, charges, fees and expenses (including settlements), management transition costs, advertising costs, losses associated with temporary decreases in work volume and expenses related to maintain underutilized personnel) and non-recurring product and intellectual property development, other business optimization expenses or reserves (including costs and expenses relating to business optimization programs and new systems design and costs or reserves associated with improvements to IT and accounting functions), retention charges (including charges or expenses in respect of incentive plans), system establishment costs and implementation costs) and operating expenses attributable to the implementation of strategic or cost-savings initiatives, and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities and charges resulting from changes in estimates, valuations and judgments) and professional, legal, accounting, consulting and other service fees incurred with any of the foregoing and (b) any charge, expense, cost, accrual or reserve of any kind associated with acquisition related litigation and settlements thereof;
- (5) (a) at the election of the Issuer with respect to any quarterly period, the cumulative effect (including charges, accruals, expenses and reserves) of a change in law, regulation or accounting principles and changes as a result of the adoption, implementation or modification of accounting policies, including the adoption or implementation of last-in-first-out basis accounting standards, (b) subject to the last paragraph of the definition of "GAAP," the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period (including any impact resulting from an election by the Issuer to apply IFRS or other Accounting Changes), and (c) any costs, charges, losses, fees or expenses in connection with the implementation or tracking of such changes or modifications specified in the foregoing clauses (a) and (b), in each case as reasonably determined by the Issuer;
- (6) (a) any equity-based or non-cash compensation or similar charge, cost or expense or reduction of revenue, including any such charge, cost, expense or reduction arising from any grant of stock, stock appreciation or similar rights, stock options, restricted stock, phantom equity, profits interests or other interests, or other rights or equity- or equity-based incentive programs ("*equity incentives*"), any income (loss) associated with the equity incentives or other long-term incentive compensation plans (including under deferred compensation arrangements of the Issuer or any Parent Entity or Subsidiary and any positive investment income with respect to funded deferred compensation account balances), roll-over, acceleration or payout of Capital Stock by employees, directors, officers, managers, contractors, consultants, advisors or business partners (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or any Parent Entity or Subsidiary, and any cash awards granted to employees of the Issuer and its Subsidiaries in replacement for forfeited awards, (b) any non-cash losses attributable to deferred compensation plans or trusts or realized in such period in connection with adjustments to any employee benefit plan due to changes in estimates, actuarial assumptions, valuations, studies or judgments, (c) non-cash compensation expense resulting from the application of Accounting

Standards Codification Topic 718, Compensation—Stock Compensation or Accounting Standards Codification Topics 505-50 Equity-Based Payments to Non-Employees (or any successor provision or other financial accounting standard having a similar result or effect), and (d) any net pension or post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, amortization of such amounts arising in prior periods, amortization of the unrecognized obligation (and loss or cost) existing at the date of initial application of Statement of Financial Accounting Standards No. 87, 106 and 112 (or any successor provision or other financial accounting standard having a similar result or effect), and any other item of a similar nature;

- (7) any income (loss) from the extinguishment, conversion or cancellation of Indebtedness, Hedging Obligations or other derivative instruments (including deferred financing costs written off, premiums paid or other expenses incurred);
- (8) any unrealized or realized gains or losses in respect of any Hedging Obligations or any ineffectiveness recognized in earnings related to hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions;
- (9) any fees, losses, costs, expenses or charges incurred during such period (including any transaction, retention bonus or similar payment), or any amortization thereof for such period, in connection with (a) any acquisition, recapitalization, Investment, Asset Disposition, disposition, issuance or repayment of Indebtedness (including such fees, expense or charges related to the offering, issuance and rating of the Notes, other securities and any Credit Facilities), issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (including any amendment or other modification of the Notes, other securities and any Credit Facilities), in each case, including the Transactions, any such transaction consummated prior to, on or after the Issue Date and any such transaction undertaken but not completed, and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful (including, for the avoidance of doubt, the effects of expensing all transaction-related expenses in accordance with Accounting Standards Codification Topic 805—Business Combinations (or any successor provision or other financial accounting standard having a similar result or effect) and any adjustments resulting from the application of Accounting Standards Codification Topic 460—Guarantees (or any successor provision or other financial accounting standard having a similar result or effect) or any related pronouncements) and (b) complying with the requirements under, or making elections permitted by, the documentation governing any Indebtedness;
- (10) any unrealized or realized gain or loss resulting in such period from currency translation increases or decreases or transaction gains or losses, including those related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency risk), intercompany loans, accounts receivables, accounts payable, intercompany balances, other balance sheet items, Hedging Obligations or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any other realized or unrealized foreign exchange gains or losses relating to the translation of assets and liabilities denominated in foreign currencies;
- (11) any unrealized or realized income (loss) or non-cash expense attributable to movement in mark-to-market valuation of foreign currencies, Indebtedness or derivative instruments pursuant to GAAP;
- (12) effects of adjustments (including the effects of such adjustments pushed down to such Person and its Restricted Subsidiaries) in such Person's consolidated financial statements pursuant to GAAP (including those required or permitted by Accounting Standards Codification Topic 805—Business Combinations and Accounting Standards Codification 350—Intangibles-Goodwill and Other (or any successor provision or other financial accounting standard having a similar result or effect)) and related pronouncements, including in the inventory (including any impact of changes to inventory valuation policy methods, including changes in capitalization of variances), property

and equipment, software, loans, leases, goodwill, intangible assets, in-process research and development, deferred revenue (including deferred costs related thereto and deferred rent) and debt line items thereof, resulting from the application of acquisition method accounting, recapitalization accounting or purchase accounting, as the case may be, in relation to the Transactions or any consummated acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment or the amortization or write-off or write-down of any amounts thereof;

- (13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and investments recorded using the equity method or as a result of a change in law or regulation, in connection with any disposition of assets and the amortization of intangibles arising pursuant to GAAP;
- (14) (a) accruals and reserves (including contingent liabilities) that are established or adjusted in connection with the Transactions or within 18 months after the closing of any acquisition or disposition that are so required to be established or adjusted as a result of such acquisition or disposition in accordance with GAAP, or changes as a result of adoption or modification of accounting policies, (b) charges, accruals, expenses and reserves as a result of adoption or modification of accounting policies, shall be excluded, and (c) earn-out, non-compete and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise (and including deferred performance incentives in connection with any acquisition (by merger, consolidation, amalgamation or otherwise), joint venture investment or other Investment whether or not a service component is required from the transferor or its related party)) and adjustments thereof and purchase price adjustments;
- (15) any income (loss) related to any realized or unrealized gains and losses resulting from Hedging Obligations or embedded derivatives that require similar accounting treatment (including embedded derivatives in customer contracts), and the application of Accounting Standards Codification Topic 815—Derivatives and Hedging (or any successor provision or other financial accounting standard having a similar result or effect) and its related pronouncements or mark to market movement of non-U.S. currencies, Indebtedness, derivatives instruments or other financial instruments pursuant to GAAP, including Accounting Standards Codification Topic 825—Financial Instruments (or any successor provision or other financial accounting standard having a similar result or effect) or an alternative basis of accounting applied in lieu of GAAP;
- (16) any non-cash expenses, accruals or reserves related to adjustments to historical Tax exposures and any deferred tax expense associated with Tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;
- (17) the amount of (x) Board of Director (or equivalent thereof) fees, management, monitoring, consulting, refinancing, transaction, advisory and other fees (including exit and termination fees) and indemnities, costs and expenses paid or accrued in such period to (or on behalf of) an Investor or otherwise to any member of the Board of Directors (or the equivalent thereof) of the Issuer, any of its Subsidiaries, any Parent Entity, any Permitted Holder or any Affiliate of a Permitted Holder, and (y) payments made to option holders of the Issuer or any Parent Entity in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parent Entity, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, including any cash consideration for any repurchase of equity;
- (18) the amount of loss or discount on sale of Securitization Assets, Receivables Assets and related assets in connection with a Qualified Securitization Financing or Receivables Facility; and

- (19) (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed, (ii) at the election of the Issuer with respect to any quarterly period, effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates), and (iii) at the election of the Issuer with respect to any quarterly period, an amount equal to the net change in deferred revenue at the end of such period from the deferred revenue at the end of the previous period.

In addition, to the extent not already excluded (or included, as applicable) in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall be increased by the amount of: (i) any expenses, charges or losses that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such evidence (net of any amount so added back in a prior period to the extent not so reimbursed within the applicable 365-day period), expenses, charges or losses with respect to liability or Casualty Events or business interruption. Consolidated Net Income shall be reduced by the amount of distributions for Permitted Tax Distributions actually made to any Parent Entity of such Person in respect of such period in accordance with clause 9(a) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments,” as though such amounts had been paid as Taxes directly by such Person for such periods.

“*Consolidated Secured Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness of a Person secured by a Lien as of such date to (y) LTM EBITDA of a Person.

“*Consolidated Total Indebtedness*” means, as of any date of determination, an amount equal to (a) the aggregate principal amount of outstanding Indebtedness for borrowed money (excluding Indebtedness with respect to Cash Management Obligations, intercompany Indebtedness, Subordinated Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries and Indebtedness outstanding under the Senior Secured Credit Facilities that was used to finance working capital needs of such Person and its Restricted Subsidiaries (as reasonably determined by the Issuer) as of such date), *plus* (b) the aggregate principal amount of Finance Lease Obligations, Purchase Money Obligations and unreimbursed drawings under letters of credit of such Person and its Restricted Subsidiaries outstanding on such date (*provided* that any unreimbursed amount under commercial letters of credit shall not be counted as Consolidated Total Indebtedness until five Business Days after such amount is drawn), minus (c) the aggregate amount of cash and Cash Equivalents included on the consolidated balance sheet of such Person and its Restricted Subsidiaries as of the end of the most recent fiscal period for which consolidated financial statements are available (which may, at the Issuer’s election, be internal financial statements) (*provided* that the cash proceeds of any proposed incurrence of Indebtedness shall not be included in this clause (c) for purposes of calculating the Consolidated Total Leverage Ratio or the Consolidated Secured Leverage Ratio, as applicable), with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of “Fixed Charge Coverage Ratio.” For the avoidance of doubt, Consolidated Total Indebtedness shall exclude Indebtedness in respect of any Receivables Facility or Securitization Facility.

“*Consolidated Total Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness of a Person as of such date to (y) LTM EBITDA of such Person. Wherever this Description of the Notes refers to the “Consolidated Total Leverage Ratio of OpCo,” it shall include the outstanding principal amount of the Notes (and any Refinancing Indebtedness in respect thereof) in the numerator of such ratio.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute

Indebtedness (“*primary obligations*”) of any other Person (the “*primary obligor*”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“*Controlled Investment Affiliate*” means, as to any Person, any other Person, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

“*Credit Agreement*” First Lien Credit Agreement, dated as of June 11, 2019, among BCPE Empire Intermediate, Inc., BCPE Empire Holdings, Inc., the lenders from time to time parties thereto, and Credit Suisse AG, Cayman Islands Branch, as the administrative agent and the collateral agent, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees and security documents), as amended, extended, renewed, restated, refunded, replaced, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any one or more agreements (and related documents) governing Indebtedness, including indentures, incurred to refinance, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder, in whole or in part), the borrowings and commitments then outstanding or permitted to be outstanding under such Credit Agreement or one or more successors to the Credit Agreement or one or more new credit agreements.

“*Credit Facility*” means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Credit Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “*Credit Facility*” shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

“*Delaware Divided LLC*” means any Delaware LLC which has been formed upon the consummation of a Delaware LLC Division.

“*Delaware LLC*” means any limited liability company organized or formed under the laws of the State of Delaware.

“*Delaware LLC Division*” means the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Issuer Act.

“*Derivative Instrument*” with respect to a Person, means any contract, instrument or other right to receive payment or delivery of cash or other assets to which such Person or any Affiliate of such Person that is acting in concert with such Person in connection with such Person’s investment in the Notes (other than a Screened Affiliate) is a party (whether or not requiring further performance by such Person), the value and/or cash flows of which (or any material portion thereof) are materially affected by the value and/or performance of the Notes and/or the creditworthiness of the Issuer and/or any one or more of the Guarantors (the “*Performance References*”).

“*Designated Non-Cash Consideration*” means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.”

“*Designated Preferred Stock*” means Preferred Stock of the Issuer or a Parent Entity (other than Disqualified Stock) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and that is designated as “Designated Preferred Stock” pursuant to an Officer’s Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (b)(iii) of the first paragraph of the covenant described under “—Certain Covenants—Limitation on Restricted Payments.”

“*Disinterested Director*” means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member’s holding Capital Stock of the Issuer or any options, warrants or other rights in respect of such Capital Stock.

“*Disqualified Stock*” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or
- (2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part;

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under “—Certain Covenants—Limitation on Restricted Payments”; *provided, however*, that if such Capital Stock is issued to any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members (excluding the Permitted Holders (but not excluding any future, current or former employee, director, officer, manager or consultant)) or Immediate Family Members), of the Issuer, any of its Subsidiaries, any Parent Entity or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an “affiliate” by the board of directors of the Issuer (or the compensation committee thereof) or any other plan for the benefit of current, former or future employees (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer or its Subsidiaries or by any such plan to such employees (or their respective Controlled Investment Affiliates or Immediate Family Members), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“*Dollars*” or “\$” means the lawful currency of the United States of America.

“*Domestic Subsidiary*” means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary.

“*DTC*” means The Depository Trust Issuer or any successor securities clearing agency.

“*Equity Offering*” means (x) a sale of Capital Stock (other than through the issuance of Disqualified Stock or Designated Preferred Stock or through an Excluded Contribution) other than (a) offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions or other securities of the Issuer or any Parent Entity and (b) issuances of Capital Stock to any Subsidiary of the Issuer, (y) a SPAC IPO or (z) a cash equity contribution to the Issuer.

“*Euro*” means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on European Union.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Excluded Contribution*” means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preferred Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of their employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer.

“*fair market value*” may be conclusively established by means of an Officer’s Certificate or resolutions of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“*Finance Lease Obligations*” means an obligation that is required to be classified and accounted for as a finance lease for financial reporting purposes on the basis of GAAP; *provided* that all leases of any Person that are or would be characterized as operating leases in accordance with GAAP immediately prior to December 31, 2018 (whether or not such operating leases were in effect on such date) shall continue to be accounted for as operating leases (and not as Finance Lease Obligations) for purposes of the Indenture regardless of any change in GAAP

thereafter that would otherwise require such leases to be recharacterized as Finance Lease Obligations. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Fitch*” means Fitch Ratings, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Fixed Charge Coverage Ratio*” means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date (the “*reference period*”) for which consolidated financial statements are available (which may be internal consolidated financial statements) to the Fixed Charges of such Person for the reference period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced), has caused any Reserved Indebtedness Amount to be deemed to be incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the reference period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Fixed Charge Coverage Ratio Calculation Date*”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, deemed incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period. Wherever this Description of the Notes refers to the “Fixed Charge Coverage Ratio of OpCo,” it shall include the Fixed Charges of the Notes (and any Refinancing Indebtedness in respect thereof) in the denominator of such ratio and add back such Fixed Charges to Consolidated EBITDA.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated with respect to such incurrence, issuance or other transaction without giving effect to amounts being utilized under any other exceptions, thresholds or baskets (other than ratio based baskets) on the same date. Each item of Indebtedness that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant ratio based test.

Notwithstanding anything to the contrary herein, in the event an item of Indebtedness (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on any ratio based exceptions, thresholds and baskets, such ratio(s) shall be calculated without regard to the incurrence of any Indebtedness under any revolving facility (including the ABL) or letter of credit facility immediately prior to or in connection therewith or the incurrence of any indebtedness to fund any OID or upfront fees to be paid in connection with the incurrence of such Indebtedness on reliance of such ratio based exception.

The Indenture shall provide that any calculation or measure that is determined with reference to the Issuer’s financial statements (including Consolidated EBITDA, Consolidated Interest Expense, Consolidated Net Income, Fixed Charges, Fixed Charge Coverage Ratio, Consolidated Secured Leverage Ratio and Consolidated Total Leverage Ratio) may be determined with reference to the financial statements of a Parent Entity instead, so long as such Parent Entity does not hold any material assets other than, directly or indirectly, the Capital Stock of the Issuer.

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, operational changes, business expansions and disposed or discontinued operations that have been made by the Issuer or any of its Restricted Subsidiaries, during the reference period or subsequent to the reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, operational changes, business expansions and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the

Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation, operational change, business expansion, or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed operation had occurred at the beginning of the reference period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction (including the Transactions), the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer (and may include, for the avoidance of doubt, cost savings, operating expenses reductions and synergies resulting from such transactions which is being given pro forma effect. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire reference period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the reference period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

“*Fixed Charges*” means, with respect to any Person for any period, the sum of:

- (1) Consolidated Interest Expense of such Person for such Period;
- (2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period; and
- (3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

“*Foreign Subsidiary*” means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Subsidiary of such Subsidiary.

“*GAAP*” means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time; *provided* that all terms of an accounting or financial nature used in the Indenture shall be construed, and all computations of amounts and ratios referred to in the Indenture shall be made (a) without giving effect to any election under Accounting Standards Codification Topic 825—Financial Instruments, or any successor thereto or comparable accounting principle (including pursuant to the Accounting Standards Codification), to value any Indebtedness of the Issuer or any Subsidiary at “fair value,” as defined therein and (b) the amount of any Indebtedness under GAAP with respect to Finance Lease Obligations shall be determined in accordance with the definition of Finance Lease Obligations. At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in the Indenture); *provided* that any such election, once made, shall be irrevocable; *provided, further*, that any calculation or determination in the Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuer shall give notice of any such election made in accordance with this definition to the Trustee. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

If there occurs a change in IFRS or GAAP, as the case may be, and such change would cause a change in the method of calculation of any standards, terms or measures used in the Indenture (an “*Accounting Change*”), then the Issuer may elect, as evidenced by a written notice of the Issuer to the Trustee, that such standards, terms or measures shall be calculated as if such Accounting Change had not occurred.

“*Guarantee*” means, any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term “Guarantee” will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and *provided further* that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person’s maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith. The term “Guarantee” used as a verb has a corresponding meaning.

“*Guarantor*” means any Restricted Subsidiary that Guarantees the Notes, until such Note Guarantee is released in accordance with the terms of the Indenture. As of the Issue Date none of the Issuer’s Subsidiaries will provide Guarantees.

“*Hedging Obligations*” means, with respect to any Person, the obligations of such person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

“*Holder*” means each Person in whose name the Notes are registered on the registrar’s books, which shall initially be the nominee of DTC.

“*Holding Company*” means any Person so long as such Person directly or indirectly holds 100% of the total voting power of the Voting Stock of the Issuer, and at the time such Person acquired such voting power, no Person and no group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any such group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) (other than any Permitted Holder), shall have beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of such Person.

“*IFRS*” means the international financial reporting standards as issued by the International Accounting Standards Board as in effect from time to time.

“*Immaterial Subsidiary*” means, at any date of determination, each Restricted Subsidiary of the Issuer that (i) has not guaranteed any other Indebtedness of the Issuer and (ii) has Total Assets and revenues of less than 5.0% of Total Assets and, together with all other Immaterial Subsidiaries (as determined in accordance with GAAP), has

Total Assets and revenues of less than 10.0% of Total Assets, in each case, measured at the end of the most recent fiscal period for which internal financial statements are available and revenues on a pro forma basis giving effect to any acquisitions or dispositions of companies, divisions or lines of business since such balance sheet date or the start of such four quarter period, as applicable, and on or prior to the date of acquisition of such Subsidiary.

“*Immediate Family Members*” means, with respect to any individual, such individual’s child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships, the estate of such individual and such other individuals above) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

“*Incur*” means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, amalgamation, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “*Incurred*” and “*Incurrence*” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “*Incurred*” at the time any funds are borrowed thereunder.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of Indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);
- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligations to trade creditors), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Finance Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of the type referred to in clauses (1), (2), (3), (4), (5) and (9) of other Persons to the extent Guaranteed by such Person; and

- (9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement);

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; provided, that Indebtedness of any Parent Entity appearing upon the balance sheet of the Issuer solely by reason of push-down accounting under GAAP shall be excluded.

The term “Indebtedness” shall not include any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP, any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness. Indebtedness shall be calculated without giving effect to the effects of Topic No. 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;
- (ii) Obligations under or in respect of Qualified Securitization Financings or Receivables Facilities;
- (iii) Cash Management Services;
- (iv) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;
- (v) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;
- (vi) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;
- (vii) for the avoidance of doubt, any obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

- (viii) Indebtedness of any Parent Entity appearing on the balance sheet of the Issuer solely by reason of push down accounting under GAAP;
- (ix) Capital Stock (other than Disqualified Stock); or
- (x) amounts owed to dissenting stockholders in connection with, or as a result of, their exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential) with respect thereto (including any accrued interest).

“*Independent Financial Advisor*” means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

“*Intercompany License Agreement*” means any cost sharing agreement, commission or royalty agreement, license or sublicense agreement, distribution agreement, services agreement, intellectual property rights transfer agreement, any related agreements or similar agreements, in each case where all parties to such agreement are one or more of the Issuer or a Restricted Subsidiary.

“*Investment*” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of advances, loans or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of “—Certain Covenants—Limitation on Restricted Payments” and “—Designation of Restricted and Unrestricted Subsidiaries”:

- (1) “*Investment*” will include the portion (proportionate to the Issuer’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the fair market value of the net assets (as determined by the Issuer) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary;
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer; and
- (3) if the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto shall not be deemed to be an Investment at such time.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash and Cash Equivalents by the Issuer or a Restricted Subsidiary in respect of such Investment to the extent such amounts do not increase any other baskets under the Indenture.

“Investment Grade Securities” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States, Canadian, Swiss or United Kingdom government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully guaranteed or insured by a member of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of “A-” or higher from S&P or “A3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

“Investment Grade Status” shall occur when the Notes receive two of the following:

- (1) a rating of “BBB-” or higher from S&P;
- (2) a rating of “Baa3” or higher from Moody’s; or
- (3) a rating of “BBB-” or higher from Fitch;

or the equivalent of such rating by either any rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

“Investor” means Bain Capital Private Equity, L.P. and its Affiliates, including any funds, partnerships or other investment vehicles or Subsidiaries managed or directly or indirectly controlled by them but not including, however, any of portfolio companies of the foregoing.

“Issue Date” means _____, 2021.

“LCT Election” has the meaning set forth in the covenant described under “—Certain Covenants—Limitation on Indebtedness.”

“LCT Test Date” has the meaning set forth in the covenant described under “—Certain Covenants—Limitation on Indebtedness.”

“Lien” means any mortgage, pledge, security interest, encumbrance, lien, hypothecation or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided*, that in no event shall an operating lease to be deemed to constitute a Lien.

“Limited Condition Transaction” means (1) any Investment or acquisition (whether by merger, amalgamation, consolidation or other business combination or the acquisition of Capital Stock or otherwise and which may include, for the avoidance of doubt, a transaction that may constitute a Change of Control), whose consummation is not conditioned on the availability of, or on obtaining, third party financing, (2) any redemption,

repurchase, defeasance, satisfaction and discharge or repayment of Indebtedness, Disqualified Stock or Preferred Stock requiring irrevocable notice in advance of such redemption, repurchase, defeasance, satisfaction and discharge or repayment, (3) any Restricted Payment requiring irrevocable notice in advance thereof; (4) any asset sale or a disposition excluded from the definition of “Asset Disposition” and (5) a “Change of Control.”

“*Long Derivative Instrument*” means a Derivative Instrument (i) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with positive changes to the Performance References and/or (ii) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with negative changes to the Performance References.

“*LTM EBITDA*” means Consolidated EBITDA of a Person measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of such Person are available, in each case with such pro forma adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such four quarter period and as are consistent with the pro forma adjustments set forth in the definition of “Fixed Charge Coverage Ratio.”

“*Management Advances*” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of any Parent Entity, the Issuer or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment, relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case Incurred in the ordinary course of business or consistent with past practice or (b) for purposes of funding any such person’s purchase of Capital Stock (or similar obligations) of the Issuer, its Subsidiaries or any Parent Entity with (in the case of this sub-clause (b)) the approval of the Board of Directors;
- (2) in respect of relocation or moving related expenses, payroll advances and other analogous or similar expenses or payroll expenses, in each case Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding the greater of \$25 million and 10.0% of LTM EBITDA in the aggregate outstanding at the time of Incurrence.

“*Management Stockholders*” means the members of management of the Issuer (or any Parent Entity) or its Subsidiaries who are holders of Capital Stock of the Issuer or of any Parent Entity on the Issue Date or will become holders of such Capital Stock in connection with the Transactions.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common Capital Stock of the Issuer or any Parent Entity on the date of the declaration of a Restricted Payment permitted pursuant to clause (10) of the second paragraph under “—Certain Covenants—Limitation on Restricted Payments” multiplied by (ii) the arithmetic mean of the closing prices per share of such common Capital Stock on the principal securities exchange on which such common Capital Stock are traded for the 30 consecutive trading days immediately preceding the date of declaration of such Restricted Payment.

“*Moody’s*” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Nationally Recognized Statistical Rating Organization*” means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

“*Net Available Cash*” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of

Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid, reasonably estimated to be actually payable or accrued as a liability under GAAP (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer or any of its Subsidiaries, transfer taxes, deed or mortgage recording taxes and Taxes that would be payable in connection with any deemed or actual repatriation of such proceeds and after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition, including distributions for Related Taxes;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by applicable law be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than any Parent Entity, the Issuer or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition; and
- (5) any funded escrow established pursuant to the documents evidencing such sale or disposition to secure and indemnification obligation on adjustments to the purchase price associated with any such Asset Disposition.

“Net Cash Proceeds,” with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Issuer or any of its Subsidiaries, transfer taxes, deed or mortgage recording taxes and Taxes that would be payable in connection with any deemed or actual repatriation of such proceeds and after taking into account any available tax credit or deductions and any tax sharing agreements, and including distributions for Related Taxes).

“Net Short” means, with respect to a Holder or beneficial owner, as of a date of determination, either (i) the value of its Short Derivative Instruments exceeds the sum of the (x) the value of its Notes plus (y) the value of its Long Derivative Instruments as of such date of determination or (ii) it is reasonably expected that such would have been the case were a Failure to Pay or Bankruptcy Credit Event (each as defined in the 2014 ISDA Credit Derivatives Definitions) to have occurred with respect to the Issuer or any Guarantor immediately prior to such date of determination.

“Non-Guarantor Subsidiary” means any Restricted Subsidiary of the Issuer that is not a Guarantor.

“Note Documents” means the Notes (including Additional Notes), any Note Guarantees and the Indenture.

“Obligations” means any principal, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers’ acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

“*Officer*” means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors of such Person.

“*Officer’s Certificate*” means, with respect to any Person, a certificate signed by one Officer of such Person.

“*OpCo*” means BCPE Empire Holdings, Inc., together with its successors and assigns.

“*Opinion of Counsel*” means a written opinion from legal counsel who is reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

“*Parent Entity*” means any, direct or indirect, parent of the Issuer.

“*Parent Entity Expenses*” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent Entity in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to the Notes, the Guarantees or any other Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (2) customary salary, bonus, severance, indemnity, insurance (including premiums therefor) and other benefits payable to any employee, director, officer, manager, contractor, consultant or advisor of any Parent Entity or other Persons under its articles, charter, by-laws, partnership agreement or other organizational documents or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;
- (3) obligations of any Parent Entity in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;
- (4) (x) general corporate operating and overhead fees, costs and expenses, (including all legal, accounting and other professional fees, costs and expenses) and, following the first public offering of the Issuer’s Capital Stock or the Capital Stock of any Parent Entity, listing fees and other costs and expenses attributable to being a publicly traded company of any Parent Entity and (y) other operational expenses of any Parent Entity related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries;
- (5) expenses Incurred by any Parent Entity in connection with (i) any offering, sale, conversion or exchange of Capital Stock or Indebtedness (whether or not successful) and (ii) any related compensation paid to employees, directors, officers, managers, contractors, consultants or advisors (or their respective Controlled Investment Affiliates or Immediate Family Members) of such Parent Entity;
- (6) amounts payable pursuant to any management services or similar agreements or the management services provisions in an investor rights agreement or other equityholders’ agreement in effect on the Issue Date (including any amendment thereto or replacement thereof so long as any such amendment or replacement is not materially disadvantageous in the reasonable determination of the Issuer to the Holders when taken as a whole, as compared to the management services or similar agreements as in effect immediately prior to such amendment or replacement), solely to the extent such amounts are not paid directly by the Issuer or its Subsidiaries; and

- (7) amounts to finance Investments that would otherwise be permitted to be made pursuant to the covenant described above under “—Certain Covenants—Limitation on Restricted Payments” if made by the Issuer; *provided*, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment, (B) such direct or indirect parent company shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Capital Stock) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger, consolidation or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant described under the caption “—Certain Covenants— Merger, Amalgamation and Consolidation” above) in order to consummate such Investment, (C) such direct or indirect parent company and its Affiliates (other than the Issuer or a Restricted Subsidiary) receives no consideration or other payment in connection with such transaction except to the extent the Issuer or a Restricted Subsidiary could have given such consideration or made such payment in compliance with the Indenture and such consideration or other payment is included as a Restricted Payment under the Indenture, (D) any property received by the Issuer shall not increase amounts available for Restricted Payments pursuant to clause (b) of the first paragraph of the covenant described under the caption “— Certain Covenants—Limitation on Restricted Payments” and (E) such Investment shall be deemed to be made by the Issuer or such Restricted Subsidiary pursuant to another provision of this covenant or pursuant to the definition of “Permitted Investment.”

“*Pari Passu Indebtedness*” means Indebtedness of the Issuer which ranks equally in right of payment to the Notes or of any Guarantor if such Indebtedness ranks equally in right of payment to the Guarantees of the Notes.

“*Paying Agent*” means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

“*Permitted Asset Swap*” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under “—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.”

“*Permitted Holders*” means, collectively, (i) the Investor, (ii) the Management Stockholders (including any Management Stockholders holding Capital Stock through an equityholding vehicle), (iii) any Person who is acting solely as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Issuer, acting in such capacity, (iv) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing, any Holding Issuer, Permitted Plan or any Person or group that becomes a Permitted Holder specified in the last sentence of this definition are members and any member of such group; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in subclauses (i) through (iii), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any Parent Entity held by such group, (v) any Holding Issuer and (vi) any Permitted Plan. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made or waived in accordance with the requirements of the Indenture, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“*Permitted Intercompany Activities*” means any transactions (A) between or among the Issuer and its Restricted Subsidiaries that are entered into in the ordinary course of business or consistent with past practice of the Issuer and its Restricted Subsidiaries and, in the reasonable determination of the Issuer are necessary or advisable in connection with the ownership or operation of the business of the Issuer and its Restricted Subsidiaries, including (i) payroll, cash management, purchasing, insurance and hedging arrangements; (ii) management, technology and licensing arrangements; and (iii) customary loyalty and rewards programs; (B) between or among the Issuer, its Restricted Subsidiaries and any Captive Insurance Subsidiary.

“*Permitted Investment*” means (in each case, by the Issuer or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of, or guarantees of obligations of, a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged, directly or through entities that will be Restricted Subsidiaries, in any Similar Business and as a result of such Investment such other Person, in one transaction or a series of transactions, is merged, amalgamated, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets (or such division, business unit, product line or business) to, or is liquidated into, the Issuer or a Restricted Subsidiary, and any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation, combination, transfer or conveyance;
- (3) Investments in cash, Cash Equivalents or Investment Grade Securities;
- (4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practice;
- (5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;
- (6) Management Advances;
- (7) Investments received in settlement, compromise or resolution of debts created in the ordinary course of business or consistent with past practice and owing to the Issuer or any Restricted Subsidiary or in exchange for any other Investment or accounts receivable, endorsements for collection or deposit held by the Issuer or any such Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or litigation, arbitration or other disputes or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (8) Investments made as a result of the receipt of promissory notes or other non-cash consideration (including earn-outs) from a sale or other disposition of property or assets, including an Asset Disposition;
- (9) Investments (a) existing or pursuant to binding commitments, agreements or arrangements in effect on the Issue Date and any modification, replacement, renewal, reinvestment or extension thereof; provided that the amount of any such Investment may not be increased except (i) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including in respect of any unused commitment), plus any accrued but unpaid interest (including any accretion of interest, original issue discount or the issuance of pay-in-kind securities) and premium payable by the terms of such Indebtedness thereon and fees and expenses associated therewith as of the Issue Date or (ii) as otherwise permitted under the Indenture and (b) made after the Issue Date in joint ventures of the Issuer or any of its Restricted Subsidiaries existing on the Issue Date;
- (10) Hedging Obligations, which transactions or obligations are Incurred in compliance with “—Certain Covenants—Limitation on Indebtedness”;
- (11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—Certain Covenants—Limitation on Liens”;

- (12) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent Entity as consideration;
- (13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—Certain Covenants— Limitation on Affiliate Transactions” (except those described in clauses (1), (3), (6), (7), (8), (9), (12) and (14) of that paragraph);
- (14) Investments consisting of (i) purchases or other acquisitions of inventory, supplies, materials, equipment and similar assets or (ii) licenses, sublicenses, cross-licenses, leases, subleases, assignments, contributions or other Investments of intellectual property or other intangibles or services in the ordinary course of business pursuant to any joint development, joint venture or marketing arrangements with other Persons or any Intercompany License Agreement and any other Investments made in connection therewith;
- (15) (i) Guarantees of Indebtedness not prohibited by the covenant described under “—Certain Covenants— Limitation on Indebtedness” and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business, and (ii) performance guarantees with respect to obligations that are not prohibited by the Indenture;
- (16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;
- (17) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged or amalgamated into the Issuer or merged or amalgamated into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (18) any Investment in any Subsidiary or any joint venture in the ordinary course of business or consistent with past practice (including any cash management arrangements, cash pooling arrangements, intercompany loans or activities related thereto);
- (19) Investments consisting of licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;
- (20) contributions to a “rabbi” trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Issuer;
- (21) Investments in Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed (A) the greater of \$60 million and 25.0% of LTM EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus (B) at the option of the Issuer, any amounts available to make Investments pursuant to clause (35) below (after taking into account any past amounts that have been redesignated by the Issuer) and redesignated by the Issuer as increasing amounts available for use under this clause (21), plus (C) the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments received by the Issuer or a Restricted Subsidiary (without duplication for purposes of the covenant described in the section entitled “— Certain Covenants — Limitation on Restricted Payments” of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, however, that if any Investment pursuant to this clause is made in any Person that

is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;

- (22) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (21) that are at that time outstanding, not to exceed the greater of \$115 million and 50.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled “—Certain Covenants—Limitation on Restricted Payments” of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided, however*, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;
- (23) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause that are at that time outstanding, not to exceed the greater of \$80 million and 35.0% of LTM EBITDA (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments (without duplication for purposes of the covenant described in the section entitled “—Certain Covenants—Limitation on Restricted Payments” of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided, however*, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such Person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause;
- (24) (i) Investments arising in connection with a Qualified Securitization Financing or Receivables Facility and (ii) distributions or payments of Securitization Fees and purchases of Securitization Assets or Receivables Assets in connection with a Qualified Securitization Financing or Receivables Facility;
- (25) repurchases of Notes;
- (26) Investments by an Unrestricted Subsidiary entered into prior to the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under the caption “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries”;
- (27) guaranty and indemnification obligations arising in connection with surety bonds issued in the ordinary course of business or consistent with past practice;
- (28) Investments (a) consisting of purchases and acquisitions of assets or services in the ordinary course of business or consistent with past practice, (b) made in the ordinary course of business or consistent with past practice in connection with obtaining, maintaining or renewing client, franchisee and customer contracts and loans or (c) advances, loans, extensions of credit (including the creation of receivables) or prepayments made to, and guarantees with respect to obligations of,

franchisees, distributors, suppliers, lessors, licensors and licensees in the ordinary course of business or consistent with past practice;

- (29) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business or consistent with past practice;
- (30) Investments consisting of UCC Article 3 endorsements for collection or deposit and Article 4 trade arrangements with customers (or any comparable or similar provisions in other applicable jurisdictions) in the ordinary course of business or consistent with past practices;
- (31) any Investment by any Captive Insurance Subsidiary in connection with the provision of insurance to the Issuer or any Subsidiaries, which Investment is made in the ordinary course of business or consistent with past practice of such Captive Insurance Subsidiary, or by reason of applicable law, rule, regulation or order, or that is required or approved by any regulatory authority having jurisdiction over such Captive Insurance Subsidiary or its business, as applicable;
- (32) non-cash Investments in connection with tax planning and reorganization activities, and Investments in connection with a Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions;
- (33) Investments made from casualty insurance proceeds in connection with the replacement, substitution, restoration or repair of assets on account of a Casualty Event;
- (34) any other Investment (A) by the Issuer and any of its Restricted Subsidiaries (other than OpCo and its Restricted Subsidiaries) so long as, immediately after giving pro forma effect to the Investment and the incurrence of any Indebtedness the net proceeds of which are used to make such Investment, the Consolidated Total Leverage Ratio of the Issuer shall be no greater than 6.50 to 1.00 and (B) by OpCo and its Restricted Subsidiaries so long as, immediately after giving pro forma effect to the Investment and the incurrence of any Indebtedness the net proceeds of which are used to make such Investment, the Consolidated Total Leverage Ratio of OpCo shall be no greater than 6.50 to 1.00; and
- (35) Investments in joint ventures and similar entities having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed (A) the greater of \$60 million and 25.0% of LTM EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), plus (B) at the option of the Issuer, any amounts available to make Investments pursuant to clause (21) above (after taking into account any past amounts that have been redesignated by the Issuer) and redesignated by the Issuer as increasing amounts available for use under this clause (35), plus (C) the amount of any returns (including dividends, payments, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) in respect of such Investments received by the Issuer or a Restricted Subsidiary (without duplication for purposes of the covenant described in the section entitled “— Certain Covenants — Limitation on Restricted Payments” of any amounts applied pursuant to clause (b) of the first paragraph of such covenant) with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value; *provided*, however, that if any Investment pursuant to this clause is made in any Person that is not the Issuer or a Restricted Subsidiary at the date of the making of such Investment and such person becomes the Issuer or a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) above and shall cease to have been made pursuant to this clause.

“*Permitted Liens*” means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness and other Obligations of any Restricted Subsidiary that is not a Guarantor;
- (2) pledges, deposits or Liens (a) in connection with workmen's compensation laws, payroll Taxes, unemployment insurance laws, employers' health Tax and other social security laws or similar legislation or other insurance related obligations (including in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto), (b) securing liability, reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees or similar instruments) for the benefit of insurance carriers under insurance or self-insurance arrangements or otherwise supporting the payments of items set forth in the foregoing clause (a), or (c) in connection with bids, tenders, completion guarantees, contracts, leases, utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, warranty, release, judgment, customs, appeal, performance bonds, guarantees of government contracts, return of money bonds, bankers' acceptance facilities and obligations of a similar nature (including those to secure health, safety and environmental obligations), and obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case incurred in the ordinary course of business or consistent with past practice;
- (3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law or regulation, including carriers', warehousemen's, mechanics', landlords', suppliers', materialmen's, repairmen's, architects', construction contractors' or other similar Liens, in each case for amounts not overdue for a period of more than 60 days or, if more than 60 days overdue, are unfiled and no other action has been taken to enforce such Liens or that are being contested in good faith by appropriate proceedings;
- (4) Liens for Taxes (i) that are not overdue for a period of more than 60 days or not yet payable or subject to penalties for nonpayment or that are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to GAAP (or other applicable accounting principles) have been made in respect thereof, (ii) that would not reasonably be expected to have a material adverse effect or (iii) for property Taxes on property of the Issuer or one of its Subsidiaries that the Issuer (or the applicable Subsidiary) has determined to abandon if the sole recourse for such Tax is to such property;
- (5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects and irregularities in title and similar encumbrances) as to the use of real properties, exceptions on title policies insuring Liens granted on any mortgaged properties or any other collateral or Liens incidental to the conduct of the business of such Person or to the ownership of its properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other similar agreements, charges or encumbrances, which do not in the aggregate materially interfere with the ordinary course conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (6) Liens (a) securing Hedging Obligations, Cash Management Obligations and the costs thereof; (b) that are rights of set-off, rights of pledge or other bankers' Liens (i) relating to treasury, depository and cash management services or any automated clearing house transfers of funds in the ordinary course of business or consistent with past practice, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer or any Subsidiary or consistent with past practice or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any Restricted Subsidiary

in the ordinary course of business or consistent with past practice; (c) on cash accounts securing Indebtedness and other Obligations permitted to be incurred under clause (8)(e) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Indebtedness” with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business or consistent with past practice and not for speculative purposes; and (e) (i) of a collection bank arising under Section 4-210 of the UCC or any comparable or successor provision on items in the course of collection and (ii) in favor of a banking or other financial institution or electronic payment service providers arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business in connection with the maintenance of such accounts and (iii) arising under customary general terms and conditions of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not secure any Indebtedness;

- (7) leases, licenses, subleases and sublicenses of assets (including real property, intellectual property, software and other technology rights), in each case entered into in the ordinary course of business, consistent with past practice or, with respect to intellectual property, software and other technology rights, that are not material to the conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole;
- (8) Liens securing or otherwise arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default under clause (6) under “— Events of Default”;
- (9) Liens (a) securing Finance Lease Obligations, or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing Indebtedness or other Obligations incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under the Indenture and (ii) any such Liens may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets and property affixed or appurtenant thereto and accessions, additions, improvements, proceeds, dividends or distributions thereof, including after-acquired property that is (A) affixed or incorporated into the property or assets covered by such Lien, (B) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (C) the proceeds and products thereof and (b) any interest or title of a lessor, sublessor, franchisor, licensor or sublicensor or secured by a lessor’s, sublessor’s, franchisor’s, licensor’s or sublicensor’s interest under any Finance Lease Obligations or Non-Financing Lease Obligations;
- (10) Liens arising from UCC financing statements, including precautionary financing statements (or similar filings) regarding operating leases or consignments entered into by the Issuer and its Restricted Subsidiaries;
- (11) Liens existing on the Issue Date, including any Liens securing any Refinancing Indebtedness of any Indebtedness secured by such Liens but excluding Liens securing the Credit Agreement;
- (12) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Subsidiary (or at the time the Issuer or a Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, amalgamation, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created in anticipation of such other Person becoming a Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien

securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the Obligations relating to any Indebtedness or other obligations to which such Liens relate;

- (13) Liens securing Obligations relating to any Indebtedness or other obligations of the Issuer or a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary or the Trustee;
- (14) Liens securing Refinancing Indebtedness incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Obligations relating to the Indebtedness or other obligations being refinanced or is in respect of property or assets that is or could be the security for or subject to a Permitted Lien hereunder;
- (15) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (16) (i) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture securing financing arrangement, joint venture or similar arrangement pursuant to any joint venture securing financing agreement, joint venture or similar agreement and (ii) customary rights of first refusal and tag, drag and similar rights in joint venture agreements and agreements with respect to non-wholly owned Subsidiaries;
- (17) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (18) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale or purchase of goods entered into in the ordinary course of business or consistent with past practice;
- (19) Liens securing Indebtedness and other Obligations in respect of (a) Credit Facilities, including any letter of credit facility relating thereto, under clause (1) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Indebtedness” and (b) obligations of the Issuer or any Subsidiary in respect of any Cash Management Obligation or Hedging Obligation provided by any lender party to any Credit Facility or Affiliate of such lender (or any Person that was a lender or an Affiliate of a lender at the time the applicable agreements in respect of such Cash Management Obligation or Hedging Obligation were entered into);
- (20) Liens securing Indebtedness and other Obligations under clause (5) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Indebtedness”; *provided* that such Liens shall only be permitted if such Liens are limited to all or part of the same property or assets, including Capital Stock (plus property and assets affixed or appurtenant thereto and additions, improvements, accessions, proceeds, dividends or distributions thereof, including after-acquired property that is (i) affixed or incorporated into the property or assets covered by such Lien, (ii) after-acquired property or assets subject to a Lien securing such Indebtedness, the terms

of which Indebtedness require or include a pledge of after-acquired property or assets and (iii) the proceeds and products thereof) acquired, or of any Person acquired or merged, consolidated or amalgamated with or into the Issuer or any Restricted Subsidiary, in any transaction to which such Indebtedness or other Obligation relates;

- (21) Liens securing Indebtedness and other Obligations under clause (4)(c), (7), (10), (11), (14), (17) or (20) (provided that, in the case of clause (11), such Liens cover only the assets of such Subsidiary) of the second paragraph of the covenant described under “—Certain Covenants—Limitation on Indebtedness”;
- (22) Liens securing Indebtedness and other Obligations of any Non-Guarantor Subsidiary covering only assets of such Subsidiary;
- (23) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;
- (24) Liens deemed to exist in connection with Investments permitted under clause (4) of the definition of “Cash Equivalents”;
- (25) Liens on (i) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (ii) specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods *provided* that any such Liens attach only to the goods and inventory covered thereby and proceeds thereof;
- (26) Liens on vehicles or equipment of the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice;
- (27) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise not prohibited by the Indenture;
- (28) (a) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto, and (b) Liens, pledges, deposits made or other security provided to secure liabilities to, or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of), insurance carriers in the ordinary course of business or consistent with past practice;
- (29) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted under the Indenture;
- (30) Liens (i) on cash advances or escrow deposits in favor of the seller of any property to be acquired in an Investment permitted under the Indenture to be applied against the purchase price for such Investment or otherwise in connection with any escrow arrangements with respect to any such Investment (including any letter of intent or purchase agreement with respect to such Investment), and (ii) consisting of an agreement to sell, transfer, lease or otherwise dispose of any property in an asset sale, in each case, solely to the extent such Investment or sale, transfer, lease or other disposition, as the case may be, would have been permitted on the date of the creation of such Lien;
- (31) Liens securing Indebtedness and other Obligations in an aggregate principal amount not to exceed the greater of (a) \$80 million and (b) 35.0% of LTM EBITDA at the time incurred;

- (32) Liens then existing with respect to assets of an Unrestricted Subsidiary on the day such Unrestricted Subsidiary is redesignated as a Restricted Subsidiary as described under “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries”; *provided* that such Liens do not extend to any assets other than those of such Unrestricted Subsidiary;
- (33) Liens securing Indebtedness and other Obligations permitted under the covenant described under “—Certain Covenants—Limitation on Indebtedness”; *provided* that (i) with respect to liens securing Indebtedness or other Obligations of the Issuer or any of its Restricted Subsidiaries (other than OpCo and its Restricted Subsidiaries) permitted under this clause, at the time of incurrence and after giving pro forma effect thereto, the Consolidated Secured Leverage Ratio of the Issuer would be no greater than 7.00 to 1.00 and (ii) with respect to liens securing Indebtedness or other Obligations of OpCo or any of its Restricted Subsidiaries permitted under this clause, at the time of incurrence and after giving pro forma effect thereto, with respect to Indebtedness secured by a Lien on the collateral securing the Credit Agreement (other than Indebtedness secured with a lien that is junior in priority to the Liens on the collateral securing the Credit Agreement), the Consolidated First Lien Leverage Ratio of OpCo would be no greater than 5.00 to 1.00, and with respect to Indebtedness secured with a lien that is junior in priority to the Liens on the collateral securing the Credit Agreement, the Consolidated Secured Leverage Ratio of OpCo would be no greater than 7.00 to 1.00;
- (34) Liens deemed to exist in connection with Investments in repurchase agreements permitted the covenant described under “—Certain Covenants—Limitation on Indebtedness”; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;
- (35) Liens arising in connection with a Qualified Securitization Financing or a Receivables Facility;
- (36) Settlement Liens;
- (37) rights of recapture of unused real property in favor of the seller of such property set forth in customary purchase agreements and related arrangements with any government, statutory or regulatory authority;
- (38) the rights reserved to or vested in any Person or government, statutory or regulatory authority by the terms of any lease, license, franchise, grant or permit held by the Issuer or any Restricted Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;
- (39) restrictive covenants affecting the use to which real property may be put and Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; *provided* that such Liens or covenants do not interfere with the ordinary conduct of the business of the Issuer or any Restricted Subsidiary;
- (40) Liens on property, assets or Permitted Investments used to defease or to satisfy or discharge Indebtedness; *provided* that such defeasance, satisfaction or discharge is not prohibited by the Indenture;
- (41) Liens relating to escrow arrangements securing Indebtedness, including (i) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters, arrangers, trustee or collateral agent thereof) and (ii) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, in either case to the extent such cash or Cash Equivalents prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose;
- (42) Liens securing the Notes (other than any Additional Notes) and the related Guarantees;

- (43) Liens on assets securing any Indebtedness owed to any Captive Insurance Subsidiary by the Issuer or any Restricted Subsidiary; and
- (44) Liens arising in connection with any Permitted Intercompany Activities, Permitted Tax Restructuring and related transactions.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Issuer in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

“Permitted Tax Distribution” means:

- (a) if and for so long as the Issuer is a member (or is an entity treated as disregarded from a member) of a group filing a consolidated, group, affiliate, unitary, combined or similar Tax return with any Parent Entity, any dividends or other distributions to fund any income or similar Taxes for which such Parent Entity is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis calculated as if the Issuer and its Subsidiaries had paid Tax on a consolidated, combined, group, affiliated, unitary or similar basis on behalf of a consolidated, combined, affiliated, unitary or similar group consisting only of the Issuer and its Subsidiaries; and
- (b) for any taxable year (or portion thereof) ending after the Issue Date for which the Issuer is treated as a disregarded entity, partnership, or other flow-through entity for federal, state, provincial, territorial, and/or local income Tax purposes, the payment of dividends or other distributions to the Issuer’s direct owner(s) to fund the income Tax liability of such owner(s) (or, if a direct owner is a pass-through entity, of the indirect owner(s)) for such taxable year (or portion thereof) attributable to the operations and activities of the Issuer and its direct and indirect Subsidiaries, in an aggregate amount not to exceed the product of (x) the highest combined marginal federal and applicable state, provincial, territorial, and/or local statutory income Tax rate (after taking into account the deductibility of U.S. state and local income Tax for U.S. federal income Tax purposes) and (y) the taxable income of the Issuer for such taxable year (or portion thereof).

“Permitted Tax Restructuring” means any reorganizations and other activities related to tax planning and tax reorganization (as determined by the Issuer in good faith) so long as such Permitted Tax Restructuring is not materially adverse to the Holders of the Notes.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“Post-Petition Interest” means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

“Preferred Stock,” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Company Costs” means, as to any Person, costs associated with, or in anticipation of, or preparation for, compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith and costs relating to compliance with the provisions of the Securities Act and

the Exchange Act or any other comparable body of laws, rules or regulations, as companies with listed equity, directors' compensation, fees and expense reimbursement, costs relating to enhanced accounting functions and investor relations, stockholder meetings and reports to stockholders, directors' and officers' insurance and other executive costs, legal and other professional fees, and listing fees, in each case to the extent arising solely by virtue of the listing of such Person's equity securities on a national securities exchange or issuance of public debt securities.

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, expansion, construction, installation, replacement, repair or improvement of property (real or personal), equipment or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets, or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Qualified Buyer" means either (a) any Person or group of Persons with committed capital or assets under management in excess of \$1,000,000,000 or otherwise reasonably acceptable to the Holders, (b) any person that is an operating company in the same or a similar line of business or any line of business that is reasonably similar, corollary, ancillary, incidental, synergistic, complementary or related to, or a reasonable extension, development or expansion of, the businesses conducted by the Issuer and its Restricted Subsidiaries on the Issue Date and/or (c) any special purpose acquisition company or similar investment vehicle, in each case listed on a national securities exchange.

"Qualified Securitization Financing" means any Securitization Facility that meets the following conditions: (i) the Board of Directors shall have determined in good faith that such Securitization Facility (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and its Restricted Subsidiaries, (ii) all sales of Securitization Assets and related assets by the Issuer or any Restricted Subsidiary to the Securitization Subsidiary or any other Person are made for fair consideration (as determined in good faith by the Issuer) and (iii) the financing terms, covenants, termination events and other provisions thereof shall be fair and reasonable terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

"Receivables Assets" means (a) any accounts receivable owed to the Issuer or a Restricted Subsidiary subject to a Receivables Facility and the proceeds thereof and (b) all collateral securing such accounts receivable, all contracts and contract rights, guarantees or other obligations in respect of such accounts receivable, all records with respect to such accounts receivable and any other assets customarily transferred together with accounts receivable in connection with a non-recourse accounts receivable factoring arrangement.

"Receivables Facility" means an arrangement between the Issuer or a Subsidiary and a commercial bank, an asset based lender or other financial institution or an Affiliate thereof pursuant to which (a) the Issuer or such Subsidiary, as applicable, sells (directly or indirectly) to such commercial bank, asset based lender or other financial institution (or such Affiliate) Receivables Assets and (b) the obligations of the Issuer or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Securitization Repurchase Obligations) to the Issuer and such Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings, and shall include any guaranty in respect of such arrangements

"Redemption Change of Control" means a Change of Control without giving effect to the provisos in clause (1) and (2) in the first paragraph and clause (iii) in the second paragraph of the definition of "Change of Control."

"Refinance" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms *"refinances," "refinanced"* and *"refinancing"* as used for any purpose in the Indenture shall have a correlative meaning.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances

Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;
- (2) Refinancing Indebtedness shall not include:
 - (i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not the Issuer or a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor; or
 - (ii) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; and
- (3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“*Related Taxes*” means:

- (1) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes and other similar fees and expenses (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (*provided* such Taxes are in fact paid) by any Parent Entity by virtue of its:
 - (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer’s Subsidiaries) or otherwise maintain its existence or good standing under applicable law;
 - (b) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer’s Subsidiaries;
 - (c) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer’s Subsidiaries; or
 - (d) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent Entity pursuant to “—Certain Covenants—Limitation on Restricted Payments”; or

(2) any Permitted Tax Distribution.

“*Reserved Indebtedness Amount*” has the meaning set forth in the covenant described under the caption “— Certain Covenants—Limitation on Indebtedness.”

“*Restricted Investment*” means any Investment other than a Permitted Investment.

“*Restricted Subsidiary*” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“*S&P*” means Standard & Poor’s Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Sale and Leaseback Transaction*” means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

“*Screened Affiliate*” means any Affiliate of a Holder (i) that makes investment decisions independently from such Holder and any other Affiliate of such Holder that is not a Screened Affiliate, (ii) that has in place customary information screens between it and such Holder and any other Affiliate of such Holder that is not a Screened Affiliate and such screens prohibit the sharing of information with respect to the Issuer or its Subsidiaries, (iii) whose investment policies are not directed by such Holder or any other Affiliate of such Holder that is acting in concert with such Holder in connection with its investment in the Notes, and (iv) whose investment decisions are not influenced by the investment decisions of such Holder or any other Affiliate of such Holder that is acting in concert with such Holders in connection with its investment in the Notes.

“*SEC*” means the U.S. Securities and Exchange Commission or any successor thereto.

“*Second Lien Credit Agreement*” means the Second Lien Credit Agreement, dated June 11, 2019, among BCPE Empire Intermediate, Inc., BCPE Empire Holdings, Inc., the other lenders from time to time parties thereto, and Credit Suisse AG, Cayman Islands Branch, as the administrative agent and the collateral agent.

“*Secured Indebtedness*” means any Indebtedness secured by a Lien.

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Securitization Asset*” means (a) any accounts receivable, mortgage receivables, loan receivables, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and (b) all collateral securing such receivable or asset, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other assets customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization, factoring or receivable sale transaction.

“*Securitization Facility*” means any of one or more securitization, financing, factoring or sales transactions, as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, pursuant to which the Issuer or any of the Restricted Subsidiaries sells, transfers, pledges or otherwise conveys any Securitization Assets (whether now existing or arising in the future) to a Securitization Subsidiary or any other Person.

“*Securitization Fees*” means distributions or payments made directly or by means of discounts with respect to any Securitization Asset or Receivables Asset or participation interest therein issued or sold in connection with, and other fees, expenses and charges (including commissions, yield, interest expense and fees and expenses of legal counsel) paid in connection with, any Qualified Securitization Financing or Receivables Facility.

“*Securitization Repurchase Obligation*” means any obligation of a seller of Securitization Assets or Receivables Assets in a Qualified Securitization Financing or a Receivables Facility to repurchase or otherwise

make payments with respect to Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

“*Securitization Subsidiary*” means any Subsidiary of the Issuer in each case formed for the purpose of and that solely engages in one or more Qualified Securitization Financings or Receivables Facilities and other activities reasonably related thereto or another Person formed for this purpose

“*Senior Secured Credit Facilities*” means the ABL and the Credit Agreement.

“*Settlement*” means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a Person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

“*Settlement Asset*” means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

“*Settlement Indebtedness*” means any payment or reimbursement obligation in respect of a Settlement Payment.

“*Settlement Lien*” means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

“*Settlement Payment*” means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

“*Settlement Receivable*” means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person.

“*Short Derivative Instrument*” means a Derivative Instrument (i) the value of which generally decreases, and/or the payment or delivery obligations under which generally increase, with positive changes to the Performance References and/or (ii) the value of which generally increases, and/or the payment or delivery obligations under which generally decrease, with negative changes to the Performance References.

“*Significant Subsidiary*” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02(w)(1)(ii) of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

“*Similar Business*” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof, and (c) a Person conducting a business, service or activity specified in clauses (a) and (b), and any Subsidiary thereof. For the avoidance of doubt, any Person that invests in or owns Capital Stock or Indebtedness of another Person that is engaged in a Similar Business shall be deemed to be engaged in a Similar Business.

“*SPAC IPO*” means the acquisition, purchase, merger, amalgamation or other combination of the Issuer or any Parent Entity, by, or with, a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (a “*SPAC IPO Entity*”) that results in any common equity interests of

the Issuer, any Parent Entity, or any direct or indirect parent entity of such SPAC IPO Entity (or its successor by merger, amalgamation or other combination) being publicly traded on any United States national securities exchange or over-the-counter market, or any analogous exchange or market in Canada, the United Kingdom or the European Union.

“*SPAC IPO Entity*” has the meaning set forth in the definition of “*SPAC IPO*.”

“*Standard Securitization Undertakings*” means representations, warranties, covenants, guarantees and indemnities entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Securitization Facility or Receivables Facility, including those relating to the servicing of the assets of a Securitization Subsidiary, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking or, in the case of a Receivables Facility, a non-credit related recourse accounts receivable factoring arrangement.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

“*Subsidiary*” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
 - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
 - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Taxes*” means all present and future taxes, levies, imposts, deductions, charges, duties, assessments, fees and withholdings (including backup withholding) and any charges of a similar nature (however denominated and including interest, penalties and other liabilities with respect thereto) that are imposed by any governmental authority or other taxing authority.

“*Total Assets*” means, as of any date, the total consolidated assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Issuer and its Restricted Subsidiaries, determined on a pro forma basis in a manner consistent with the pro forma basis contained in the definition of Fixed Charge Coverage Ratio.

“*Transaction Expenses*” means any fees, costs and expenses (including all legal, accounting and other professional fees, costs and expenses) incurred or paid by the Issuer or any Restricted Subsidiary associated or in

connection with the Transactions, including any fees, costs and expenses associated with payments or distributions to dissenting stockholders (including in connection with, or as a result of, exercise of dissenters' or appraisal rights and the settlement of any claims or action (whether actual, contingent or potential) with respect thereto).

"*Transactions*" means the issuance of the Notes, the repayment of indebtedness, the payment of a dividend to our stockholders, the payment of fees, expenses and premiums incurred in connection with the foregoing and other related transactions and use of proceeds, in each case, as described in this offering memorandum.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Trustee*" means Wilmington Trust, National Association, as trustee under the Indenture, together with its successors and assigns.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided, however*, that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "*UCC*" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"*Unrestricted Subsidiary*" means:

- (1) any Subsidiary (other than the Issuer or any direct or indirect parent entity of the Issuer) of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer, respectively (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein), to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Issuer in such Subsidiary complies with "—Certain Covenants—Limitation on Restricted Payments."

"*Unsecured Finance Lease Obligations*" means Finance Lease Obligations not secured by a Lien and any other lease obligation that is not required to be accounted for as a financing or capital lease on both the balance sheet and the income statement for financial reporting purposes in accordance with GAAP. For the avoidance of doubt, an operating lease shall be considered an Unsecured Finance Lease Obligation.

"*Unsecured Finance Leases*" means all leases underlying Unsecured Finance Lease Obligations.

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States of America, which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt, *provided* that (except as

required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

“*Voting Stock*” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

- (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment, by
- (2) the sum of all such payments.

“*Wholly Owned Domestic Subsidiary*” means a Domestic Subsidiary of the Issuer, all of the Capital Stock of which is owned by the Issuer or another Guarantor.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR HOLDERS

The following is a summary of certain United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations that may be relevant to a decision to purchase the notes. This summary is based on the United States Internal Revenue Code of 1986, as amended (the “Code”), the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the Internal Revenue Service (the “IRS”) and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. As a result, the tax considerations of purchasing, owning, or disposing of the notes could differ from those described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary deals only with beneficial owners of notes (referred to in this section as “Holders”) that purchase the notes for cash in this offering at their initial “issue price” (generally, the first price at which a substantial amount of the notes is sold for money to investors, not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), which we assume is the offering price on the first page of this offering memorandum, and that will hold the notes as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular investors in light of their personal investment circumstances or status, nor does it address tax considerations applicable to investors that may be subject to special tax rules, such as, but not limited to, banks or other financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, subchapter S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, “expatriated entities” subject to section 7874 of the Code, former citizens or residents of the United States subject to Section 877 of the Code, controlled foreign corporations, non-United States trusts or estates with United States beneficiaries, passive foreign investment companies, corporations that accumulate earnings to avoid United States federal income tax, taxpayers subject to the alternative minimum tax or the base erosion and anti-abuse tax, accrual-method U.S. Holders (defined below) that prepare an “applicable financial statement” (within the meaning of Section 451 of the Code), or U.S. Holders that hold notes through non-U.S. brokers or other non-U.S. intermediaries. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security, conversion transaction, or other integrated transaction for tax purposes, or situations in which the “functional currency” of a U.S. Holder is not the United States dollar. Moreover, the effect of any United States federal taxes other than United States federal income taxes (such as estate or gift taxes or the net investment income tax on certain investment income) and any state, local or non-United States tax laws is not discussed.

In the case of a Holder that is an entity or other arrangement that is classified as a partnership (or other pass-through entity) for United States federal income tax purposes, the tax treatment of the notes to a partner in the partnership (or other equity holder in a pass-through entity) generally will depend upon the tax status of the partner (or other equity holder) and the activities of the partner and the partnership (or other equity holder and the pass-through entity). If you are a partnership (or other pass-through entity) considering an investment in the notes, then you and your partners (or equity holders) should consult your own tax advisors.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other United States federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable income tax treaty.

Effect of Certain Contingencies

In certain circumstances, we may be required to pay amounts on the notes in addition to stated principal and interest (e.g., in the circumstances described under “Description of the Notes—Change of Control” or “Description of the Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock”) or at times other than the stated maturity date and stated interest payment dates. These potential payments may implicate the

provisions of the Treasury regulations relating to “contingent payment debt instruments.” One or more contingencies will not cause the notes to be treated as contingent payment debt instruments if, as of the issue date, such contingencies, individually and in the aggregate, are considered remote or incidental. Although the issue is not free from doubt, we intend to take the position that the possibility of these payments does not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations, and intend to report consistently with the foregoing for applicable U.S. federal income tax purposes. This position is based on our determination that, as of the issue date of the notes, the possibility that these payments will have to be made is a remote or incidental contingency within the meaning of applicable Treasury regulations.

Our determination that these contingencies are remote or incidental is binding on a Holder, unless such Holder explicitly discloses to the IRS on its tax return for the year during which it acquires the notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, then the notes may be treated as contingent payment debt instruments and, among other potentially adverse tax consequences, a Holder subject to U.S. federal income taxation may be required to accrue ordinary interest income on the notes based on a “comparable yield” (as defined in the Treasury regulations) in excess of the stated interest and to treat any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Holders should consult their own tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for United States federal income tax purposes.

U.S. Holders

The following is a summary of certain U.S. federal income tax considerations for a U.S. Holder. For purposes of this summary, the term “U.S. Holder” means a beneficial owner of a note that is for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code, and for purposes of this discussion, a “U.S. person”) have the authority to control all of its substantial decisions, or (ii) a valid election is in place under applicable Treasury regulations to treat such trust as a domestic trust.

Payment of Stated Interest

Stated interest on a note generally will be included in the gross income of a U.S. Holder as ordinary income at the time such interest is accrued or received, in accordance with such Holder’s regular method of accounting for United States federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between (i) the amount realized on the disposition, except any portion of such amount that is attributable to accrued but unpaid stated interest, which portion will be taxed as described above under “—Payment of Stated Interest” to the extent not previously so taxed and (ii) the U.S. Holder’s adjusted tax basis in the note. A U.S. Holder’s adjusted tax basis in a note generally will

be the cost of the note to such U.S. Holder reduced (but not below zero) by payments, if any, previously received by such holder (other than payments of stated interest).

Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss, if, at the time of such disposition, the note was held by the U.S. Holder for more than one year. Long-term capital gains of individuals and certain other non-corporate U.S. Holders are, under certain circumstances, subject to a reduced tax rate. The deductibility of capital losses is subject to limitations. Each U.S. Holder should consult its tax advisor as to the deductibility of capital losses in its particular circumstances.

Information Reporting and Backup Withholding

In general, a U.S. Holder will be subject to backup withholding at the applicable tax rate (currently at a rate of 24%) with respect to cash payments of interest on the notes and the gross proceeds from taxable dispositions (including a retirement or redemption) of the notes, unless the U.S. Holder (i) is an entity that is exempt from backup withholding (generally, such entities include corporations, tax-exempt organizations, and certain qualified nominees) and, when required, provides appropriate documentation to that effect; or (ii) provides the applicable withholding agent with its social security or other taxpayer identification number (“TIN”) within a reasonable time after a request therefor on an IRS Form W-9 (or a suitable substitute or successor form or such other form as the IRS may prescribe), certifying that the TIN provided is correct and that the U.S. Holder has not been notified by the IRS that it is subject to backup withholding due to a prior underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. A U.S. Holder who does not provide the applicable withholding agent with its correct TIN may be subject to penalties imposed by the IRS. United States backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder’s United States federal income tax liability, if any, and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. The applicable withholding agent will report to the U.S. Holders and the IRS the amount of any “reportable payments” and any amounts withheld with respect to the notes as required by the Code and applicable Treasury regulations. U.S. Holders should consult their own tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable.

Non-U.S. Holders

The following is a summary of certain U.S. federal income tax considerations for a non-U.S. Holder. For purposes of this summary, the term “non-U.S. Holder” means a beneficial owner of a note that is not a U.S. Holder and is not a person treated as a pass-through entity for U.S. federal income tax purposes.

Payment of Interest

Subject to the discussions below of backup withholding and FATCA (defined below), interest paid on a note by us or any paying agent to a non-U.S. Holder that is not effectively connected with the conduct of a trade or business in the United States will be exempt from United States federal income and withholding tax under the “portfolio interest exemption,” provided that (i) the non-U.S. Holder does not, actually or constructively (under applicable U.S. federal income tax principles), own 10% or more of the total combined voting power of all classes of voting stock of the Issuer, (ii) the non-U.S. Holder is not a “controlled foreign corporation” as described in section 881(c)(3)(C) of the Code related to us, actually or constructively, through the ownership rules under Section 864(d)(4) of the Code, (iii) the non-U.S. Holder is not a “bank” (within the meaning of section 881(c)(3)(A) of the Code) that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, and (iv) the non-U.S. Holder satisfies the certification requirements set forth in Section 871(h) or 881(c), as applicable, of the Code and the Treasury regulations issued thereunder by giving the applicable withholding agent an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed under penalties of perjury establishing its status as a non-U.S. Holder or by other means prescribed by applicable Treasury regulations (note that special certification rules apply to non-U.S. Holders that are pass-through entities rather than corporations or individuals).

If a non-U.S. Holder cannot satisfy the requirements of the portfolio interest exemption described above and the payments on the Notes are not effectively connected with a trade or business in the United States, payments of interest made to such Holder generally will be subject to United States federal withholding tax at the rate of 30%, unless such Holder provides us or our agent with a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable (or a suitable substitute or successor form as the IRS may prescribe), or other applicable Form W-8, establishing an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty.

If the interest on the notes is effectively connected with a trade or business within the United States carried on by the non-U.S. Holder ("ECI"), then, unless an applicable income tax treaty provides otherwise, the non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, provided the appropriate statement is provided to the applicable withholding agent). If a non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the non-U.S. Holder claims the benefit of the treaty by providing an IRS Form W-8BEN or W-8BEN-E, as applicable (or a suitable substitute or successor form as the IRS may prescribe), or other applicable Form W-8, that has been properly completed and duly executed. In addition, a corporate non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or, if applicable, a lower income tax treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of a Note

Subject to the discussions below of backup withholding and FATCA (defined below), a non-U.S. Holder generally will not be subject to United States federal income or withholding tax on any gain recognized on a sale, exchange, retirement, redemption or other taxable disposition of the notes (other than any amount representing accrued but unpaid interest on the note, which is subject to the rules discussed above under "—Non-U.S. Holders—Payment of Interest") unless:

- the gain is effectively connected with the conduct of a trade or business within the United States carried on by the non-U.S. Holder (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment or fixed based within the United States); or
- in the case of a non-U.S. Holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year of the disposition and certain other requirements are met.

If a non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, such Holder will be taxed on the net gain derived from the disposition of the notes on a net income basis generally in the same manner as a U.S. Holder and, if the non-U.S. Holder is a non-U.S. corporation, it may also be subject to the branch profits tax described above on its effectively connected earnings and profits attributable to such gain.

If an individual non-U.S. Holder falls under the second of these exceptions, the non-U.S. Holder generally will be subject to United States federal income tax at a flat rate of 30% (unless a lower applicable income tax treaty rate applies) on the amount by which the gain derived from the disposition from sources within the United States exceeds certain of such non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the disposition.

Information Reporting and Backup Withholding

Amounts of interest paid to a non-U.S. Holder on a note, and amounts withheld from such payments, if any, generally will be required to be reported annually to the IRS and to such non-U.S. Holder. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-U.S. Holder is resident.

Backup withholding generally will not apply to payments of interest on, and the proceeds from the disposition of, the notes if a non-U.S. Holder certifies its status as a non-U.S. Holder under penalties of perjury (usually by providing an applicable IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that such non-U.S. Holder is in fact a U.S. person (within the meaning of Section 7701(a)(30) of the Code). The payment of the proceeds of the disposition of notes (including a retirement or redemption) to or through the United States office of a United States or non-U.S. broker will be subject to backup withholding (currently at a rate of 24%) and related information reporting unless the non-U.S. Holder provides the certification described above or otherwise establishes an exemption.

The proceeds of a disposition (including a retirement or redemption) effected outside the United States by a non-U.S. Holder of the notes to or through a non-U.S. office of a broker generally will not be subject to backup withholding or related information reporting. However, if that broker is, for United States federal income tax purposes, a U.S. person (as defined in section 7701(a)(30) of the Code), a controlled foreign corporation (as described in section 881(c)(3)(C) of the Code), a non-U.S. person 50% or more of whose gross income from all sources for certain periods is effectively connected with a trade or business in the United States, or a non-U.S. partnership that is engaged in the conduct of a trade or business in the United States or that has one or more partners that are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, such information reporting requirements will apply (but backup withholding generally will not apply) unless that broker has documentary evidence in its files of such non-U.S. Holder's status as a non-U.S. Holder. Backup withholding is not an additional tax. Any amounts withheld from a payment to a non-U.S. Holder under the backup withholding rules will be allowed as a credit against such non-U.S. Holder's United States federal income tax liability, if any, and may entitle it to a refund, provided it timely furnishes the required information to the IRS.

Foreign Account Tax Compliance Withholding

Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act ("FATCA"), may impose a United States federal withholding tax of 30% on interest income paid on the notes to (i) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (A) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities, on an annual basis, substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are non-U.S. entities with U.S. owners) and to withhold certain amounts or (B) is required by (and does comply with) applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA") to, among other things, collect and provide to the United States tax authorities or other relevant tax authorities certain information regarding U.S. account holders of such institution and, in either case, such institution provides the withholding agent with a certification as to its FATCA status; and (ii) a non-U.S. entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity certifies that such entity does not have any "substantial United States owners" or provides the withholding agent with a certification identifying the substantial U.S. owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity. Although FATCA withholding may also apply to gross proceeds from a disposition of the notes, Treasury regulations proposed in December 2018 (which may currently be relied upon) suspend withholding on such gross proceeds payments indefinitely.

An IGA between the U.S. and the applicable non-U.S. country, or future Treasury regulations or other guidance, may modify these requirements. In many cases, non-U.S. Holders may be able to indicate their exemption from, or compliance with, FATCA by providing a properly completed revised IRS Form W-8BEN or W-8BEN-E (or other applicable Form W-8) to the applicable withholding agent certifying as to such status under FATCA; however, it is possible that additional information and diligence requirements will apply in order for a non-U.S. Holder to establish an exemption from withholding under FATCA to the applicable withholding agent. Investors are encouraged to consult their own tax advisors regarding the implications of FATCA with respect to their investment in our notes.

THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO PARTICULAR HOLDERS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATIONS. EACH HOLDER SHOULD

CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES APPLICABLE TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE HOLDER'S OWN CIRCUMSTANCES.

BOOK-ENTRY, SETTLEMENT AND FORM

General

The notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A (each, a “Rule 144A Note”). Notes also may be offered and sold in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Rule 144A Notes initially will be represented by temporary global notes in fully registered form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by temporary global notes in registered, global form without interest coupons (each, a “Temporary Regulation S Global Note”). Each Temporary Regulation S Global Note will be exchangeable for a single permanent note in registered, global form (each a “Permanent Regulation S Global Note” and, together with the Temporary Regulation S Global Notes, a “Regulation S Global Note” and, together with the Rule 144A Global Notes, the “Global Notes”) after the expiration the “distribution compliance period” (as defined in Regulation S).

Investors who are qualified institutional buyers and who purchase notes in reliance on Rule 144A may hold their interests in a Rule 144A Global Note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. Investors who hold beneficial interests in a Regulation S Global Note may hold such interests directly through Euroclear System (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”) if they are participants in these systems, or indirectly through organizations that are participants in Euroclear or Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Note on behalf of their participants through their respective depositories, which in turn will hold the interests in the Regulation S Global Note in customers’ securities accounts in the depositories’ names on the books of DTC.

Through and including the period ending 40 days after the commencement of the offering of the notes (the “40 Day Period”), beneficial interests in the Temporary Regulation S Global Note may only be held through Euroclear and Clearstream (as indirect participants in DTC). Within a reasonable time period after the expiration of the 40 Day Period, the Temporary Regulation S Global Note will be exchanged for the Permanent Regulation S Global Note upon delivery to DTC of certification of compliance with the transfer restrictions applicable to the notes and pursuant to Regulation S as provided in the Indenture governing the notes. The ownership of interests in the Global Notes (the “Book-Entry Interests”) will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Book-Entry Interests will be limited to persons that have accounts with DTC or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants.

The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such a participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, owners of interest in the Global Notes will not have the notes registered in their names, will not receive physical delivery of the notes in certificated form and will not be considered the registered owners or “Holders” of notes under the Indenture for any purpose.

So long as the notes are held in global form, DTC (or its nominees) will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer, nor the Trustee under the Indenture, nor any of the Issuer’s or the Trustee’s respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book–Entry Interests will receive definitive notes in registered form (the “Definitive Registered Notes”) only in the following circumstances:

- if DTC notifies the Issuer that it is unwilling or unable to continue to act as depositary or has ceased to be a clearing agency registered under the Securities Act and, in either case, a successor depositary is not appointed by the Issuer within 90 days;
- if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes; or
- if the owner of a Book–Entry Interest requests such exchange in writing to DTC following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or the Issuer, as applicable (in accordance with its customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book–Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by the Indenture or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book–Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book–Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, if fewer than all of the notes are to be redeemed at any time, DTC will credit their respective participants’ accounts by lot; provided, however, that no Book–Entry Interest of less than \$2,000, as applicable, principal amount at maturity, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer in dollars to the paying agent. The paying agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., DTC or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book–Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book–Entry Interest; or
- any other matter relating to the actions and practices of DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book–Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in a “street name.”

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such notes through DTC in dollars.

Action by Owners of Book–Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described above) only at the direction of one or more participants to whose account the Book–Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the notes, each of DTC, Euroclear and Clearstream reserves the right, subject to certain restrictions, to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Certifications by Holders of the Temporary Regulation S Global Notes

Prior to any exchange of any beneficial interest in a Temporary Regulation S Global Note for a beneficial interest in a Permanent Regulation S Global Note:

- the holder of the beneficial interest in the Temporary Regulation S Global Note must provide Euroclear or Clearstream, as the case may be, with a certificate in the form required by the Indenture certifying that the beneficial owner of the interest in the Temporary Regulation S Global Note is either a non–U.S. person or a U.S. person that has purchased that interest in a transaction that is exempt from the registration requirements under the Securities Act; and
- Euroclear or Clearstream, as the case may be, must provide to the Trustee (or the paying agent if other than the Trustee) a certificate in the form required by the Indenture.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in “Transfer Restrictions.” Book Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in “Transfer Restrictions.”

Beneficial interests in a Temporary Regulation S Global Note may be exchanged for beneficial interests in a Permanent Regulation S Global Note only after the expiration of the 40 Day Period and then only upon provision of the certification described above under “—Certifications by Holders of the Temporary Regulation S Global Notes.”

During the 40 Day Period, Book–Entry Interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule

144A or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions” and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40 Day Period, Book–Entry Interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a Book–Entry Interest in the Rule 144A Global Note without compliance with these certification requirements.

Subject to the foregoing, and as set forth in “Transfer Restrictions,” Book–Entry Interests may be transferred and exchanged. Any Book–Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book–Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book–Entry Interest in the first mentioned Global Note and become a Book–Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book–Entry Interests in such other Global Note for as long as it retains such a Book–Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book–Entry Interests in a Global Note only as set forth in “Transfer Restrictions” and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See “Transfer Restrictions.”

Transfers involving an exchange of a Regulation S Book–Entry Interest for 144A Book–Entry Interest will be done by DTC by means of an instruction originating from the DTC Participant through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of Book–Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the notes.

Information Concerning DTC, Euroclear and Clearstream

All Book–Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures. DTC has advised the Issuer that it is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book–entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC’s owners are the New York Stock Exchange, Inc. the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in DTC or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through DTC will receive distributions attributable to the 144A Global Notes only through DTC participants.

Global Clearance and Settlement under the Book-Entry System

The notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore be required by DTC to be settled in immediately available funds. You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving notes through DTC, Euroclear and Clearstream on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the notes will be made in dollars. Book-Entry Interests owned through DTC, accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN ERISA CONSIDERATIONS

General

The following is a summary of certain considerations associated with the purchase of the notes by (a) employee benefit plans that are subject to Title I of ERISA, (b) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and (c) entities and accounts whose underlying assets are considered to include “plan assets” of any of the foregoing plans, accounts or arrangements described in clause (a) or (b) (each of the foregoing described in clauses (a), (b) and (c) referred to herein as a “Plan”).

This summary is based on the provisions of ERISA and the Code (and the related regulations and administrative and judicial interpretations) as of the date hereof. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, administrative regulations, rulings or administrative pronouncements will not significantly modify the requirements summarized herein. Any such changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a “Covered Plan”) and prohibit certain transactions involving the assets of a Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Plan should consider the fact that none the Issuer, the initial purchasers, nor any of their respective affiliates will act as a fiduciary to any Plan with respect to the decision to acquire the notes and is not undertaking to provide any advice or recommendation, including, without limitation, in a fiduciary capacity, with respect to such decision. The decision to acquire the notes must be made by each prospective Plan purchaser on an arm’s length basis.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of a Covered Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by a Covered Plan with respect to which the Issuer or the initial purchasers are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84–14 respecting transactions determined by independent qualified professional asset managers, PTCE 90–1 respecting insurance company pooled separate accounts, PTCE 91–38 respecting bank collective investment funds, PTCE 95–60 respecting life insurance company general accounts, and PTCE 96–23 respecting transactions determined by in-house asset managers.

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the Issuer of the notes nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Covered Plan involved in the transaction and provided further that the Covered Plan pays no more than adequate consideration in connection with the transaction.

Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering acquiring and/or holding the notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Some Plans, including governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), and non-U.S. Plans (as defined in Section 4(b)(4) of ERISA), may not be subject the requirements of Title I of ERISA or to Section 4975 of the Code. However, investment by such plans may be subject to the similar provisions of applicable Similar Laws.

Because of the possibility that a prohibited transaction or similar violation under a Similar Law could occur as a result of the purchase or holding of the notes by a Plan, the notes should not be purchased or held by any person investing the assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code, or similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the notes constitutes assets of any Plan or (ii) the purchase and holding of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes (and/or holding the notes on behalf of, or with the assets of, any Plan) consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes. Neither this discussion nor anything provided in this offering memorandum is, or is intended to be, investment advice directed at any potential Plan purchasers, or at Plan purchasers generally, and such purchasers of the notes should consult and rely on their own counsel and advisers as to whether an investment in the notes is suitable for the Plan. The sale of the notes to any Plan is in no respect a representation by the Issuer, the initial purchasers or any of their affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such investment is prudent or appropriate for Plans generally or any particular Plan.

TRANSFER RESTRICTIONS

The notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

- in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A under the Securities Act; and
- outside of the United States, to certain persons, other than U.S. persons, in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

- (1) it is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act, and it and any such account is not an affiliate (as defined in Rule 144 under the Securities Act) of ours and that it and any such account is not acting on the Issuer's behalf and is either (a) a qualified institutional buyer and is aware that the sale to it is being made pursuant to Rule 144A or (b) a non-U.S. person that is outside the United States;
- (2) it acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (3) it understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;
- (4) until the end of the Resale Restriction Period (as defined below) it will not offer, pledge, resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (d) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case, for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act, (e) pursuant to another exemption from registration (if available) or (f) pursuant to an effective registration statement under the Securities Act;
- (5) it agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes;
- (6) it acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or

- (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;
- (7) it acknowledges that the Trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the Trustee, registrar or transfer agent that the restrictions set forth herein have been complied with;
 - (8) it confirms that neither the Issuer nor any person acting on behalf of the Issuer has offered to sell the notes by, and that such purchaser has not been made aware of the offering of the notes by, any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio;
 - (9) it acknowledges that the Issuer, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers;
 - (10) if it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account; and
 - (11) the above restrictions on resale will apply from the issue date until the date that is one year (in the case of Rule 144A notes) or 40 days (in the case of Regulation S notes) after the later of the date the notes were issued and the last date that the issuer or any of its affiliates were the owner of the notes or any predecessor of the notes (the “Resale Restriction Period”), and will not apply after the applicable Resale Restriction Period ends.

Legends

The following is the form of restrictive legend which will appear on the face of the Rule 144A Global Note, and which will be used to notify transferees of the foregoing restrictions on transfer:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF BCPE EMPIRE TOPCO, INC. (THE “ISSUER”) THAT (A) (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (2) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”) AND THAT (B) THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE DATE THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE DATE THE NOTES WERE ISSUED AND THE LAST DATE THAT THE ISSUER OR ANY OF ITS AFFILIATES WERE THE OWNER OF THE NOTES OR ANY PREDECESSOR OF THE NOTES ONLY (1) TO THE ISSUER, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR (WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE, FOR INVESTMENT

PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (5) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT SHALL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

The foregoing legend may be removed from this Note only at the option of the Issuer.”

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers to inform themselves about and to observe any such restrictions.

PLAN OF DISTRIBUTION

The Issuer will enter into a purchase agreement with Credit Suisse Securities (USA) LLC as representative of the initial purchasers, pursuant to which, and subject to the conditions therein, the Issuer will agree to sell to the initial purchasers, and the initial purchasers will agree to purchase from us, severally and not jointly, the principal amount of the notes set forth opposite their names below:

Initial Purchasers	Principal Amount of Notes
Credit Suisse Securities (USA) LLC	\$
Barclays Capital Inc.	
J.P. Morgan Securities LLC	
Citizens Capital Markets, Inc.	
Total	<u>\$ 655,000,000</u>

The purchase agreement provides that the initial purchasers' obligation to purchase the notes depends on the satisfaction of the certain conditions contained in the purchase agreement including:

- the obligation to purchase all of the notes offered hereby, if any of the notes are purchased;
- the representations and warranties made by us to the initial purchasers are true;
- there is no material change in our business or the financial markets; and
- the Issuer delivers customary closing documents to the initial purchasers.

The initial purchasers will purchase the notes at a discount from the offering price indicated on the cover of this offering memorandum and propose initially to offer and sell the notes at the offering price set forth on the front of this offering memorandum. If all the notes are not sold at the initial offering price following the initial offering, the initial purchasers may change the initial offering price and other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

Lock-Up

The Issuer will agree not to, directly or indirectly,

- offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any of our debt securities substantially similar to the notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities,
- enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of our debt securities,
- file or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of our debt securities substantially similar to the notes or securities convertible, exercisable or exchangeable into our debt securities, or
- publicly announce an offering of any of our debt securities substantially similar to the notes or securities convertible or exchangeable into our debt securities,

for a period of 60 days after the date of this offering memorandum, in each case without the prior written consent of the representative, on behalf of the initial purchasers.

Indemnification

The Issuer will agree to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make for these liabilities.

Stabilization and Short Positions

In connection with this offering, the initial purchasers may engage in certain transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the initial purchasers may overallocate in connection with the offering of the notes, creating a syndicate short position. In addition, the initial purchasers may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above what it would be in the absence of such activities. The initial purchasers are not required to engage in any of these activities, and they may end any of them at any time. The Issuer and the initial purchasers make no representation as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that anyone will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Settlement

The Issuer expects that delivery of the notes will be made against payment therefor on or about the closing date specified on the cover page of this offering memorandum, which will be the business day following the date of pricing of the notes (this settlement cycle being referred to as “T+ ”). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade their notes on the date of pricing or the next succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+ , to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade their notes on the date of pricing or the next succeeding business days should consult their own advisor.

Other Relationships

The initial purchasers and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The initial purchasers and certain of their respective affiliates have from time to time performed various financial advisory, commercial banking, investment banking and other related services for the Issuer and its affiliates for which they have received customary compensation, and they may continue to do so in the future.

Certain of the initial purchasers or their respective affiliates are arrangers, book-runners, managers and/or lenders under the Senior Secured Credit Facilities and receive customary fees and expenses in connection therewith and will receive a pro rata portion of the net proceeds from this offering used to repay the Second Lien Term Loan and the ABL Facility. In particular, under the Second Lien Term Loan, an affiliate of Credit Suisse Securities (USA) LLC is the administrative agent and collateral agent, and affiliates of Credit Suisse Securities (USA) LLC and Barclays Capital Inc. are lead arrangers and bookrunners; under the ABL Credit Agreement, an affiliate of J.P. Morgan Securities LLC is the administrative agent and collateral agent, and affiliates of Credit Suisse Securities (USA) LLC, Barclays Capital Inc., J.P. Morgan Securities LLC and Citizens Capital Markets, Inc. are lead arrangers and bookrunners; and under the Term Loan Credit Agreement, an affiliate of Credit Suisse Securities (USA) LLC is the administrative agent and collateral agent, and affiliates of Barclays Capital Inc., Credit Suisse Securities (USA) LLC and Citizens Capital Markets, Inc. are lead arrangers and bookrunners.

In the ordinary course of their various business activities, the initial purchasers and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of the initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Rule 144A and Regulation S

The notes have not been registered under the Securities Act or any state securities laws, and unless so registered, may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See “Transfer Restrictions.” The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for inclusion of the notes on any automated dealer quotation system. Certain of the initial purchasers have advised us of their intention to make a market for the notes, but have no obligation to do so and may discontinue market-making at any time without providing any notice. The Issuer cannot assure you as to the liquidity of any trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

The Issuer has been advised by the initial purchasers that the initial purchasers propose to resell these notes to (a) persons they reasonably believe to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and (b) outside the U.S. to certain non-U.S. persons in reliance on Regulation S under the Securities Act. See “Transfer Restrictions.” Any offer or sale of the notes in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

Each of the initial purchasers have acknowledged and agreed that, except as permitted by the purchase agreement, in connection with sales outside the United States, they will not offer, sell or deliver the notes to, or for the account or benefit of U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the notes were originally issued. The initial purchasers will send to each dealer to whom they sell the notes in reliance on Regulation S during the 40-day distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings assigned to them in Regulation S under the Securities Act.

In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

Selling Restrictions

General

No action has been taken by us or the initial purchasers that would permit a public offering of the securities offered by this offering memorandum in any jurisdiction where action for that purpose is required. The securities offered by this offering memorandum may not be offered or sold, directly or indirectly, nor may this offering memorandum or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this offering memorandum. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this offering memorandum in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to prospective investors in the European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”).

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to prospective investors in the United Kingdom

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order, (iii) are outside the United Kingdom (the “UK”), or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as

a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”) from a requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

Notice to prospective investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal, that are accredited investors, as defined in National Instrument 45–106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31–103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33–105 Underwriting Conflicts (“NI 33–105”), the initial purchasers are not required to comply with the disclosure requirements of NI 33–105 regarding underwriter conflicts of interest in connection with this offering.

Notice to prospective investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to prospective investors in Japan

The notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial

Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to prospective investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Singapore SFA Product Classification—Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to prospective investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes.

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to prospective investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to prospective investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) (“Corporations Act”)) has been or will be lodged with the Australian Securities and Investments Commission (“ASIC”) or any other governmental agency, in relation to the offering. This offering memorandum does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

Any offer in Australia of the notes may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act, including that the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A\$500,000 (or its equivalent in another currency), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in Part 6D.2 or 7.9 of the Corporations Act so that it is lawful to offer the notes without disclosure to investors under Chapter 6D of the Corporations Act. To the extent any offer in Australia of the notes is not made pursuant to one or more exemptions contained in Part 6D.2 or 7.9 of the Corporations Act, such offer is void and incapable of acceptance.

The notes applied for under this offer in Australia must not be offered for resale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer for sale is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act, and independent legal advice has been obtained. Any person acquiring shares must observe such Australian on-sale restrictions.

This offering memorandum contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors should consider whether the information in this offering memorandum is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

LEGAL MATTERS

Certain legal matters with regard to the validity of the notes and other legal matters will be passed upon for us by Kirkland & Ellis LLP, New York, New York (a limited liability partnership that includes professional corporations). The Initial Purchasers are being represented by Davis Polk & Wardwell LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated financial statements of BCPE Empire Holdings, Inc. and subsidiaries for the years ended December 31, 2020, 2019 and 2018 included in this offering memorandum, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

This offering memorandum summarizes documents that are not delivered herewith. Copies of such documents are available upon request, without charge, by writing us at 255 Route 1 & 9, Jersey City, New Jersey 07306.

The Issuer is not currently subject to the periodic reporting requirements of the Exchange Act. For so long as any notes remain outstanding, during such times as the Issuer is not required to file periodic reports with the SEC, the Issuer will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required pursuant to Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the contact above.

INDEX TO FINANCIAL STATEMENTS

Consolidated Financial Statements as of December 31, 2020 and December 31, 2019 and for the Year Ended December 31, 2020, and for the Period from June 11, 2019 to December 31, 2019 (Successor Periods), and for the Period from January 1, 2019 to June 10, 2019, and for the Year Ended December 31, 2018 (Predecessor Periods):

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
BCPE Empire Holdings, Inc. and Subsidiaries d/b/a Imperial Dade

We have audited the accompanying consolidated financial statements of BCPE Empire Holdings, Inc. and Subsidiaries d/b/a Imperial Dade, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of loss and comprehensive loss, stockholders' equity, and cash flows for the year ended December 31, 2020 and the period from June 11, 2019 to December 31, 2019 (Successor Periods), and for the period from January 1, 2019 to June 10, 2019 and the year ended December 31, 2018 (Predecessor Periods), and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BCPE Empire Holdings, Inc. and Subsidiaries d/b/a Imperial Dade at December 31, 2020 and 2019, and the consolidated results of its operations and its cash flows for the year ended December 31, 2020 and the period from June 11, 2019 to December 31, 2019 (Successor Periods), and for the period from January 1, 2019 to June 10, 2019 and the year ended December 31, 2018 (Predecessor Periods), in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

April 1, 2021

BCPE Empire Holdings, Inc. and Subsidiaries
d/b/a Imperial Dade

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	(Successor)	
	Year ended December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 56,344	\$ 10,039
Accounts receivable, net of allowances of \$11,034 and \$6,540.....	213,291	199,866
Inventories, net.....	280,703	186,758
Prepaid expenses and other current assets.....	40,224	15,076
Vendor rebates receivable	43,657	51,491
Total current assets.....	\$ 634,219	\$ 463,230
Property and equipment, net.....	91,033	61,694
Goodwill.....	390,416	356,794
Other Intangible assets, net	1,024,401	929,475
Equity-method-investment	9,267	9,506
Other assets	5,169	4,101
Total assets.....	\$ 2,154,505	\$ 1,824,800
Liabilities and members' equity		
Current liabilities:		
Current maturities of long-term debt.....	\$ 8,157	\$ 6,866
Accounts payable and accrued expenses.....	219,774	210,221
Capital lease obligation - current portion	8,802	8,615
Other current liabilities.....	10,429	4,331
Total current liabilities	\$ 247,162	\$ 230,033
Long-term liabilities:		
Long-term debt, net of current portion	1,216,231	888,280
Capital lease obligation	25,076	22,449
Deferred tax liability	57,924	78,822
Other long-term liabilities	18,894	3,407
Total long-term liabilities.....	1,318,124	992,958
Total liabilities	1,565,286	1,222,991
Stockholders' Equity:		
Common Stock.....	—	—
Additional Paid in Capital	667,269	640,173
Accumulated Deficit	(69,120)	(38,364)
Accumulated Other Comprehensive Loss	(8,930)	—
Total stockholders' equity.....	589,219	601,809
Total liabilities and stockholders' equity	\$ 2,154,505	\$ 1,824,800

See accompanying notes.

BCPE Empire Holdings, Inc. and Subsidiaries
d/b/a Imperial Dade

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Dollars in Thousands)

	(Successor)		(Predecessor)	
	Year Ended December 31, 2020	June 11 to December 31, 2019	January 1 to June 10, 2019	Year Ended December 31, 2018
Revenues				
Net product sales	\$ 1,974,403	\$ 1,022,197	\$ 714,070	\$ 1,472,814
Other revenue	1,690	672	944	1,491
Total revenues	1,976,093	1,022,869	715,014	1,474,305
Operating expenses				
Cost of goods sold	1,428,170	752,483	520,390	1,083,173
Selling, general, and administrative expenses	440,089	241,461	191,113	316,059
Depreciation and amortization expenses	71,409	33,353	24,161	51,644
Total operating expenses	1,939,668	1,027,297	735,664	1,450,876
Income (loss) from operations	36,425	(4,428)	(20,650)	23,429
Income from equity method investments	1,053	804	281	644
Loss on extinguishment of debt	—	—	(11,243)	—
Interest expense, net	(75,668)	(45,034)	(26,092)	(53,483)
Loss before income taxes	(38,190)	(48,658)	(57,704)	(29,410)
Income tax benefit	7,434	10,294	164	187
Net loss	<u>\$ (30,756)</u>	<u>\$ (38,364)</u>	<u>\$ (57,540)</u>	<u>\$ (29,223)</u>
Other comprehensive loss:				
Change in unrecognized (loss) gain on interest rate swaps, net of tax benefit of \$3,113, \$0, \$0 and \$0	(8,930)	—	—	—
Net comprehensive loss	<u>\$ (39,686)</u>	<u>\$ (38,364)</u>	<u>\$ (57,540)</u>	<u>\$ (29,223)</u>

See accompanying notes.

BCPE Empire Holdings, Inc. and Subsidiaries
d/b/a Imperial Dade

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in Thousands)

	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Predecessor				
Balance at December 31, 2017.....	\$ 119,529	\$ (31,913)	\$ —	\$ 87,616
Net loss.....	—	(29,223)	—	(29,223)
Stock-based compensation	—	—	—	—
Capital contributions	1,101	—	—	1,101
Distributions to members	(7,434)	—	—	(7,434)
Balance at December 31, 2018.....	\$ 113,196	\$ (61,136)	\$ —	\$ 52,060
Net loss.....	—	(57,540)	—	(57,540)
Stock-based compensation	—	—	—	—
Capital contributions	—	—	—	—
Distributions to members	(2,893)	—	—	(2,893)
Balance at June 10, 2019.....	\$ 110,303	\$ (118,676)	\$ —	\$ (8,373)
Successor				
Balance at June 11, 2019.....	\$ —	\$ —	\$ —	\$ —
Net loss.....	—	(38,364)	—	(38,364)
Stock-based compensation	1,021	—	—	1,021
Capital contributions	639,152	—	—	639,152
Distributions to stockholders.....	—	—	—	—
Balance at December 31, 2019.....	\$ 640,173	\$ (38,364)	\$ —	\$ 601,809
Net loss.....	—	(30,756)	—	(30,756)
Interest rate swaps	—	—	(8,930)	(8,930)
Stock-based compensation	2,173	—	—	2,173
Capital contributions	25,279	—	—	25,279
Distributions to stockholders.....	(356)	—	—	(356)
Balance at December 31, 2020.....	\$ 667,269	\$ (69,120)	\$ (8,930)	\$ 589,219

See accompanying notes.

BCPE Empire Holdings, Inc. and Subsidiaries
d/b/a Imperial Dade

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	(Successor)		(Predecessor)	
	Year Ended December 31, 2020	June 11 to December 31 2019	January 1 to June 10, 2019	Year Ended December 31, 2018
Operating activities				
Net loss.....	\$ (30,756)	\$ (38,364)	\$ (57,540)	\$ (29,223)
Adjustments to reconcile net loss to net cash provided by operations:				
Bad debt expense	8,929	1,182	1,061	1,200
Loss on disposal of assets	530	342	147	626
Depreciation and amortization expense	71,409	33,353	24,161	51,644
Deferred purchase price fair value adjustment and accretion of interest.....	—	271	(31)	47
Non cash interest expense/ PIK note.....	—	—	1,232	2,639
Stock based compensation expense.....	2,173	1,021	—	—
Amortization of debt issuance costs.....	5,819	3,076	993	1,757
Dividends received from equity method investments, net of income	239	(6)	447	868
Deferred income tax (benefit) provision	(5,756)	(13,873)	(533)	(745)
Increase (decrease) in cash resulting from changes in operating assets and liabilities:				
Accounts receivable	15,641	(15,063)	(10,296)	476
Inventory	(34,482)	(29,446)	4,010	(12,468)
Prepaid expenses and other current assets.....	(25,259)	8,754	(12,986)	(1,134)
Vendor rebates receivable.....	12,480	(13,734)	1,793	(3,511)
Deferred rent liability.....	1,915	802	707	1,225
Accounts payable and accrued expenses.....	(4,424)	47,310	57,665	1,259
Other assets and liabilities, net.....	3,466	314	1,373	2,189
Net cash provided by operating activities.....	21,925	(14,061)	12,203	16,849
Investing activities				
Purchase of equipment	(10,613)	(5,412)	(6,926)	(7,082)
Cash proceeds from sale of assets	—	—	—	248
Acquisitions of businesses and intangibles, net of cash acquired.....	(277,922)	(1,336,260)	(49,916)	(56,680)
Net cash used in investing activities.....	(288,535)	(1,341,672)	(56,842)	(63,514)
Financing activities				
Proceeds from long term debt issuances.....	333,878	923,423	29,550	49,500
Repayments of long-term debt	(7,793)	(1,743)	(1,166)	(4,434)
Proceeds from revolver loan.....	162,500	—	68,300	93,600
Payments of revolver loan.....	(162,500)	—	(39,200)	(71,000)
Repayments of capital leases.....	(9,154)	(4,440)	(3,431)	(7,087)
Payment of deferred purchase price	(3,985)	(2,825)	(3,033)	(5,595)
Members contributions.....	3,740	482,024	—	1,101
Distributions to members	(356)	—	(2,893)	(7,434)
Debt issuance costs	(3,416)	(30,667)	(53)	(510)
Net cash provided by financing activities.....	312,914	1,365,772	48,074	48,141
Increase in cash and cash equivalents	46,304	10,039	3,435	1,476
Cash and cash equivalents at beginning of year	10,039	—	11,423	9,947
Cash and cash equivalents at end of year	<u>\$ 56,344</u>	<u>\$ 10,039</u>	<u>\$ 14,858</u>	<u>\$ 11,423</u>
Supplementary disclosures of cash flow information:				
Cash paid during the year for interest expense.....	<u>\$ 69,584</u>	<u>\$ 41,776</u>	<u>\$ 24,339</u>	<u>\$ 50,855</u>

See accompanying notes.

BCPE Empire Holdings, Inc. and Subsidiaries
d/b/a Imperial Dade

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands Unless Otherwise Stated)

1. Description of Business and Basis of Presentation

On June 11, 2019, BCPE Empire Holdings, Inc. (the Successor Company) acquired 100% of the outstanding shares of Imperial Dade Intermediate Holdings, LLC d/b/a Imperial Dade (the Predecessor Company) and its wholly owned subsidiaries in a transaction with Disposables Distribution Group Holdings, LLC (the Transaction). BCPE Empire Holdings, Inc. d/b/a Imperial Dade was organized under the laws of the state of Delaware during April 2019 and immediately subsequent to the Transaction is the sole member of the following entities: Imperial Dade Intermediate Holdings LLC; Imperial Bag & Paper Co LLC; Dade Paper & Bag LLC (Dade Paper); and Imperial E-Commerce LLC; Imperial Florida LLC; Central Paper Products Co., Inc.; and Gulf Coast Paper Co. Inc. The Transaction resulted in a change in control and, accordingly, was accounted for as a business combination (see Note 3).

These financial statements include information as of December 31, 2020 and 2019, for the year ended December 31, 2020, and for the period from June 11, 2019 to December 31, 2019 (the Successor Periods), that relate to the Successor Company, following the completion of the Transaction and for the period from January 1, 2019 to June 10, 2019, and for the year ended December 31, 2018 (the Predecessor Periods), that relate to the Predecessor Company. Amounts are generally not comparable between the Successor Company and Predecessor Company due to the application of purchase accounting. The Predecessor Company and Successor Company are collectively referred to as the Company.

The Company is a wholesale distributor of paper and plastic packaging, janitorial supplies, and shipping supplies to the food service industry throughout the United States, the commonwealth of Puerto Rico and the Caribbean. The Company maintains its principal office in Jersey City, New Jersey.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) and include the accounts of the Successor Company and its majority-owned subsidiaries for the Successor Periods and thereafter as well as the accounts of the Predecessor Company for the Predecessor Periods. All significant intercompany balances and transactions have been eliminated in consolidation. In addition, the liability of a stockholder of the Company is limited to the stockholder's total capital contribution.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowance for doubtful accounts, vendor programs, fair value of acquisition-related intangible assets, valuation and impairment testing of goodwill, and income taxes. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers securities with maturities of three months or less, when purchased, to be cash equivalents. The Company maintains its cash accounts in financial institutions, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of trade receivables recorded at amounts billed to customers and presented on the consolidated balance sheet net of an allowance for doubtful accounts. The allowance is determined by a variety of factors: (i) the age of the receivables, (ii) current economic conditions, (iii) historical losses, and (iv) other information management obtains regarding the financial condition of customers. Receivables are charged off when they are deemed uncollectible.

Inventory

Inventory, which consists of finished goods purchased from manufacturers to sell to the Company's customers, is valued at the lower of cost or net realizable value, with cost determined using principally the first-in, first-out method. The Company also estimates amounts of inventories that will ultimately become obsolete based on the following factors: (i) supply on hand, (ii) historical experience, and (iii) the Company's expectations as to future sales. Inventory is charged off when inventory is actually disposed of.

Property and Equipment

Property and equipment are stated at cost. The costs of additional purchases of property and equipment are capitalized, while expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Depreciation of property and equipment are provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

Machinery, vehicles, and equipment	3 to 5 years
Computer equipment and computer software	3 years
Furniture and fixtures	7 years
Capitalized leases	5 to 7 years
Buildings	30 years
Leasehold improvements	Shorter of useful life or life of the lease

Acquisitions

When the Company acquires a controlling financial interest in an entity or group of assets that is determined to meet the definition of a business, the acquisition method described in Accounting Standards Codification (ASC) 805, *Business Combinations*, is applied. The Company allocates the purchase consideration paid to acquire the business to the assets acquired and liabilities assumed based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the net assets acquired recorded as goodwill. If during the measurement period (a period not to exceed 12 months from the acquisition date) the Company receives additional information that existed as of the acquisition date but at the time of the original allocation described above was unknown, the Company makes the appropriate adjustments to the purchase price allocation in the reporting period in which the adjustments are identified.

Goodwill and Other Intangible Assets

Prior to June 11, 2019, the Predecessor Company elected to account for goodwill under the private company accounting alternative in accordance with ASC 350-20-05-5, *Intangibles – Goodwill and Other – Goodwill – Accounting Alternative*. Accordingly, goodwill was being amortized on a straight-line basis over a ten-year period and was only required to be tested for impairment upon the occurrence of a triggering event. For the Predecessor Periods management determined that no triggering events occurred that required impairment testing.

Effective June 11, 2019, upon the change in control resulting from the Transaction, the Successor Company did not elect the private company accounting alternative for goodwill. Instead, goodwill is determined to have an

indefinite useful life and is not amortized but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that goodwill may be impaired. The Successor Company has elected to perform the annual impairment test in the fourth quarter.

For the Successor Periods, the Successor Company performed a quantitative assessment to test for goodwill impairment. Based on this assessment, the Successor Company concluded that the fair value of the reporting unit exceeded its carrying value and, therefore, for the Successor Periods there were no impairments recognized.

Other intangible assets consist primarily of trade names and customer lists, which were all determined to be definite-lived intangible assets. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful life. They are also evaluated for impairment as discussed below in “Long-Lived Assets.”

Long-Lived Assets

Long-lived assets, other than goodwill and indefinite-lived intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When such events occur, the Company compares the sum of the future undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of that long-lived asset. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset or asset group are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset or asset group over its fair value, determined based on discounted cash flows. For the years ended December 31, 2020, 2019, and 2018, the Company determined that there was no impairment of these assets.

The Company also evaluates the useful lives of assets to determine whether events or circumstances warrant revised estimates of the useful lives assigned. The Company’s applicable long-lived assets include its property and equipment and definite-lived intangible assets, which consist primarily of trade names and customer lists.

Equity Method Investment

The Company accounts for its 30% investment in DP Distribution, LLC (DPP) using the equity method of accounting. Accordingly, the Company reports its share of income or loss based on the ownership interest in this investment.

Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are deferred and presented on the consolidated balance sheets as a direct deduction from the long-term debt liability. Debt issuance costs associated with revolving debt arrangements that have no outstanding balance are reflected as an asset. Amortization of debt issuance costs is included within interest expense in the consolidated statements of loss and comprehensive loss.

Deferred Purchase Price

In connection with the various strategic acquisitions and the Transaction (see Note 3), the Company entered into purchase agreements with sellers that contained contingent consideration based on the business achieving certain financial goals, as defined in each contract (see Note 9). On the date of the acquisition, the contingent consideration (deferred purchase price) is measured at fair value as part of the purchase price and is recorded as a liability and classified as either current or long term based on when the consideration is expected to be paid. At each reporting period, the Company re-evaluates the fair value of the liability and any adjustment required to the liability is recorded in the consolidated statements of loss and comprehensive loss in selling, general, and administrative expenses as a gain or loss.

Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. The Company bases fair value on the assumptions market participants would use when pricing the asset or liability. Significant differences can arise between the fair value and carrying amounts of financial instruments that are recognized at historical cost amounts. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's assets and liabilities that are measured at fair value on a recurring basis include interest rate swap contracts and contingent consideration related to recent acquisitions.

The Company considers interest rate swaps to be a recurring Level 2 fair value measurement (see Note 10). The Company estimates the fair value of these interest rate swaps, including assumptions about counterparty risk, at each balance sheet date using an income approach based on the terms of the interest rate swap contracts and inputs corroborated by observable market data, including interest rate curves.

The Company considers contingent consideration included within deferred purchase price to be a recurring Level 3 fair value measurement (see Note 10). The Company estimates the fair value of these liabilities at each consolidated balance sheet date using a discounted cash flow approach.

Nonrecurring fair value measurements include assets acquired and liabilities assumed as part of a business combination and the grant date fair value of stock-based equity awards.

Derivatives and Hedging Activities

The Company utilizes interest rate swap contracts to reduce its exposure to fluctuations in variable interest rates for future interest payments on its Term Loan Agreement (see Note 7). The Company has designated these swaps as cash flow hedges using the simplified hedge accounting approach, and they are therefore considered perfectly effective with changes in the fair value recorded as a component of accumulated other comprehensive income.

Income Taxes

Predecessor Company

The Predecessor Company is a limited liability company (LLC) for income tax purposes. As such, its components of taxable income or loss, as well as credits, are passed through to the members and reported on their specific income tax returns. All entities owned by the Predecessor Company are treated as LLCs for income tax purposes, aside from Gulf Coast Paper Co., Inc. and Central Paper Products Co., Inc.

Accordingly, for the LLC entities, there is no provision for federal or state income taxes. Central Paper Products Co., Inc. and Gulf Coast Paper Co., Inc., as C corporations, account for income taxes in accordance with ASC 740, *Income Taxes*, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense are recognized for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined based on the

differences between the financial statement carrying values and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. During the Predecessor Periods, the Predecessor Company determined that it had no uncertain tax positions.

Successor Company

The Successor Company is a C corporation for tax purposes. The provision for income taxes includes federal, state, and local taxes. The Successor Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires the use of the asset and liability method as described above.

The Company evaluates the realizability of its deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected, scheduling anticipated reversals of taxable temporary differences, and considering prudent and feasible tax planning strategies.

Any interest or penalties incurred related to unrecognized tax benefits are recorded as tax expense in the provision for income tax expense line item of the accompanying consolidated statements of loss and comprehensive loss. The Company has not incurred interest expense or penalties related to income taxes during any period presented in the consolidated financial statements. As of December 31, 2020 and 2019, the Successor Company determined that it had no uncertain tax positions.

Self-Insurance

The Company is self-insured for certain workers' compensation and group medical costs. Provisions for losses expected under these programs are recorded based on the Company's estimates of the aggregate liabilities for the claims incurred. As of December 31, 2020 and 2019, the combined liabilities for self-insured workers' compensation and group medical were \$12,283 and \$6,893, respectively, of which \$6,689 and \$6,893 are included with accounts payable and accrued expenses and \$5,594 and \$0 are included in other noncurrent liabilities on the consolidated balance sheets.

Revenue Recognition

The Company derives its revenues primarily from the sale of food-related packaging, chemicals, and cleaning and janitorial supplies. Effective January 1, 2019, for both the Successor and Predecessor Companies, revenues are recognized under the Financial Accounting Standards Board (FASB) ASC 606, *Revenue from Contracts with Customers* (ASC 606), when control of these products is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products, which is usually upon delivery to customers. As the Company typically bills and ships on the same day, the vast majority of performance obligations are satisfied at a point in time with an insignificant amount, if any, being satisfied over time. Revenue from related maintenance agreements is recognized ratably over the term of the agreements and is insignificant. There was no contract liability (deferred revenue) related to maintenance contracts at December 31, 2020 and 2019.

The Company's sole performance obligation in the net product sales revenue stream is the sale of goods. Payment terms typically range from due upon receipt to 120 days from invoice. As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. The Company recognizes variable consideration in the form of prompt pay discounts, customer rebates, and customer returns. The Company estimates variable consideration based on its history, adjusted for known or anticipated events or circumstances that may affect the estimate, and consideration of whether it is probable that a significant reversal in the cumulative amount of the revenue recognized will not occur in the future. The Company will update its estimates of variable consideration at each reporting date until the prompt pay discount, customer rebate, or customer return related to a contract with a customer, as applicable, is resolved. The liability for sales returns is not significant. The Company offers a basic

warranty against defects, which is not considered a separate performance obligation. The Company records contract liabilities representing customer rebates due to customers within accounts payable and accrued expenses (see Note 6).

Accounts receivable on the consolidated balance sheets represent receivables recorded under ASC 606. There were no other contract assets recorded under ASC 606 and/or ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, as of December 31, 2020 and December 31, 2019. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are reported within revenue. Other revenues for 2020 and 2019 in both the Successor and Predecessor Periods primarily include income generated from subleasing arrangements related to the Company's leased properties (see Note 9), which is not considered to be revenue from contracts with customers.

Prior to January 1, 2019, revenue was recognized under ASC 605, *Revenue Recognition*, when persuasive evidence of an arrangement existed, the risk of loss passed to the customer (generally upon delivery), the price was fixed or determinable, and collectability was reasonably assured. Revenue was measured at the fair value of the consideration received or receivable net of sales tax, trade discounts, customer rebates, and customer returns. Net product sales represent revenues from the sale of products. Other revenues for 2018 primarily include income generated from subleasing arrangements related to the Company's leased properties where the Company is the primary obligor.

As discussed above, ASC 606 superseded the revenue recognition requirements in ASC 605. However, given the nature of the Company's products and the terms and conditions applicable to sales to its customers, the timing and amount of revenue recognized based on the underlying principles of ASC 606 are consistent with the Company's revenue recognition policy under ASC 605. Adoption of ASC 606 resulted in minimal changes to the Company's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, and deferred costs.

Vendor Programs

Many of our vendor arrangements provide that the Company will receive specified amounts of consideration when it achieves any of a number of measures. These measures are generally related to the volume level of purchases from vendors, or net cost of products sold, and may include negotiated pricing arrangements. Management accounts for vendor programs primarily as a reduction of the prices of the vendors' products and as a reduction of inventory until the Company sells the products, at which time such considerations are recognized as a reduction of cost of sales.

Classification of Shipping and Handling Costs

The Company includes all amounts billed to customers relating to shipping and handling in net product sales, as the amounts represent revenues earned for goods provided. The corresponding costs were \$26,642, \$18,955, \$12,173, and \$26,040 for the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018, respectively, and are included in selling, general, and administrative expenses.

Classification of Sales Taxes

The sales taxes charged by the Company to customers are presented in the consolidated financial statements on a net basis and, accordingly, are excluded from revenue and costs.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$1,434, \$1,799, \$919, and \$2,072 for the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018, respectively.

Stock-Based Compensation

The Successor Company accounts for stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*, which requires companies to measure and recognize compensation expense for all share-based payments at fair value. Stock-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the service period of the award, which generally coincides with the vesting period. In addition, the pronouncement dealing with stock-based compensation requires additional accounting related to the income tax effects and disclosures regarding the cash flow effects resulting from stock-based payment arrangements.

Calculating stock-based compensation expense requires the input of highly subjective assumptions, including the expected term of the stock-based awards, volatility, dividend yield, and risk-free rates. The assumptions used in calculating the fair value of stock-based awards represent the Successor Company's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Successor Company uses different assumptions, its stock-based compensation expense could be materially different in the future. The Successor Company has elected to account for its graded vesting options on a straight-line basis over the requisite service period for the entire award. Forfeitures are recognized upon the occurrence of a forfeiture.

The Successor Company may grant stock options to non-employees and accounts for these stock options in accordance with FASB issued Accounting Standards Update (ASU) 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*.

The Predecessor Company did not issue stock-based compensation awards.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, which codified ASC 842, *Leases*, which was subsequently amended in November 2019 and June 2020. ASC 842 will require organizations that lease assets with lease terms of more than 12 months to recognize assets and liabilities for the rights and obligations created by those leases on their balance sheets. The new Guidance will also require new qualitative and quantitative disclosures to financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for the Company in fiscal year 2022. Early adoption is permitted. The guidance must be adopted using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is in the process of evaluating the impact of the updated standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which was subsequently amended in November 2018 and November 2019. ASC 326 will require entities to estimate lifetime expected credit losses for trade and other receivables, net investments in leases, financing receivables, debt securities and other instruments, which will result in earlier recognition of credit losses. Further, the new credit loss model will affect how entities in all industries estimate their allowance for losses for receivables that are current with respect to their payment terms. This new guidance further clarifies that impairment of receivables from operating leases should be accounted for in accordance with existing lease accounting guidance. This guidance will be effective for the Company in fiscal year 2023. The Company is in the process of evaluating the impact of the updated standard on its consolidated financial statements and does not expect the updated standard will have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 will simplify the accounting for income taxes by eliminating certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance will be effective for the Company in fiscal year 2023. Most amendments are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is in the process of evaluating the impact of the updated standard on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 will provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. The provisions of Topic 848 are only available to the Company until December 31, 2022, when the reference rate replacement activity is expected to be completed. Entities may apply the provisions of the new standard as of the beginning of the reporting period when the election is made. The Company is in the process of evaluating the impact of the updated standard on its consolidated financial statements.

Subsequent Events

The Company has evaluated subsequent events through April 1, 2021, the date the consolidated financial statements were available for issuance. All subsequent events requiring recognition or disclosure have been incorporated into these consolidated financial statements.

3. Business Combinations

2020 Acquisitions Completed by the Successor Company

The Successor Company made strategic acquisitions during the year ended December 31, 2020 to expand their geographic presence throughout the United States. The following acquisitions had an aggregate purchase price of approximately \$302,765 including noncash consideration in the form of equity contributions of \$21,689, earnout payments estimated at \$1,190 and a deferred purchase price payment estimated at \$911.

On January 1, 2020, the Company purchased certain assets of Wagner Supply Co., Inc. (Wagner) of Texas. The acquisition strengthens the Company's Texas presence while enhancing the Company's differentiated value proposition to customers in the region.

On January 1, 2020, the Company purchased 100% of the shares of American Paper & Plastics, Inc. (APP) of California and Carryout Bags, Inc. (COB). The acquisition strengthens the Company's southern California presence while enhancing the Company's differentiated value proposition to customers in the region.

On October 1, 2020, the Company purchased 100% of the shares of P&R Paper Supply Company, Inc. (P&R). The acquisition further expands the Company's existing presence on the West Coast of the United States as well as enters new markets including Washington and Nevada.

On November 30, 2020, the Company purchased 100% of the shares of Great Southwest Paper Company, Inc. (GSW). The acquisition further expands the Company's existing presence in Texas, specifically Houston, and is expected to drive volume in the recently completed Houston facility.

On December 31, 2020, the Company purchased 100% of the shares of Jackson Newell Paper Companies (Jackson Newell). The acquisition further expands its existing presence in the Southeast United States.

On December 31, 2020, the Company purchased certain assets of Industrial Soap Company, Inc. (Industrial Soap). The acquisition further expands the Company's existing presence in the Midwest.

On December 31, 2020, the Company purchased certain assets of Paper Chemical Supply Co. (Paper Chemical). The acquisition further expands its existing presence in the Southeast United States.

The Company finalized the valuations of assets acquired and liabilities assumed related to the Wagner, APP, and COB acquisitions in 2020. Given the recent dates of the acquisitions of P&R, GSW, Jackson Newell, Industrial Soap, and Paper Chemical, the purchase price allocations are preliminary and are subject to change during the measurement period.

All of the transactions above were accounted for as business combinations. These purchases comprised the following assets acquired and liabilities assumed at their fair market value:

	Total 2020 Acquisitions
Cash.....	\$ 1,201
Accounts receivable	37,995
Inventory	59,463
Vendor rebate receivable.....	4,646
Other current assets	3,122
Fixed assets	27,617
Other assets	341
Trade name(s)	2,410
Customer lists.....	145,350
Non-compete	470
Goodwill.....	56,595
Account payable and accruals.....	(22,947)
Deferred tax liability	(10,942)
Capital lease obligation.....	(2,556)
Total purchase price	<u>\$ 302,765</u>

In conjunction with these acquisitions, the Company incurred acquisition costs of \$8,974, which are recognized in 2020 and included in selling, general, and administrative expense on the Statements of Operations. In addition, the Company recognized working capital adjustments for prior year acquisitions related to Rosenau and Area resulting in a decrease to goodwill of \$199 in 2020.

Since the Wagner, Industrial Soap, and Paper Chemical acquisitions were legally structured as asset acquisitions, the goodwill recorded in conjunction with these transactions is fully deductible for tax purposes. Of the goodwill recorded in conjunction with the Company acquisitions in 2020, \$11,508 is deductible for tax purposes.

2019 Acquisitions Completed by the Successor Company

On June 11, 2019, pursuant to a stock and unit purchase agreement, the Successor Company (BCPE Empire Holdings, Inc.) acquired 100% of the outstanding shares of the Predecessor Company (Imperial Dade Intermediate Holdings, LLC d/b/a Imperial Dade) and its wholly owned subsidiaries in a transaction with Disposables Distribution Group Holdings, LLC for a purchase price of \$1,459,415 (the Transaction). The consideration paid to acquire the Predecessor Company included cash and noncash contributions of members' equity from certain members of the Predecessor Company totaling \$157,128. The cash consideration transferred in the acquisition was financed through issuance of a First Lien Term Loan and Second Lien Term Loan (see Note 7) and cash contributions from stockholders of the Successor Company. The transaction resulted in a change in control and was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. Accordingly, the assets acquired and liabilities assumed were recorded at fair value as of the date of the Transaction as outlined in the table below. Acquisition costs related to the Transaction for the Predecessor Company totaled \$37,779 and were recognized during 2019 in the Predecessor Period. The Successor Company incurred acquisition costs of \$12,772 related to the Transaction, including amounts that were incurred prior to June 11, 2019, but related to the Successor Company's acquisition of the Predecessor Company, all of which were recognized in the Successor Period. All acquisition costs related to the Transaction were recorded within selling, general, and administrative expenses on the consolidated statement of loss and comprehensive loss.

The Transaction comprised the following assets acquired and liabilities assumed at their fair market value:

	Imperial Dade Intermediate Holdings, LLC
Cash.....	\$ 14,858
Accounts receivable	176,284
Inventory	148,727
Prepaid expenses and other current assets.....	23,657
Vendor rebates receivable	36,856
Property and equipment	57,724
Other assets	3,344
Trade names	132,000
Customer lists.....	796,000
Favorable leases	1,142
Goodwill.....	324,527
Equity method investment.....	9,500
Accounts payable and accrued expenses.....	(155,795)
Debt.....	(275)
Deferred tax liability	(69,923)
Deferred purchase price	(6,697)
Capital lease obligation	(29,876)
Other liabilities.....	(2,638)
Total purchase price	<u>\$ 1,459,415</u>

Given the change in control resulting from the Transaction, all assets acquired and liabilities assumed in business combinations completed prior to June 11, 2019, as outlined further below that remained as of that date, including goodwill and other intangible assets, were remeasured at fair value as a part of the accounting for the Transaction. Such remeasured values are reflected in the table above. In 2020, the Company finalized the valuation of assets acquired and liabilities assumed including the deferred tax liability resulting in a decrease of \$22,774, primarily related to intangible assets step-up with a corresponding decrease to goodwill.

The Successor Company made strategic acquisitions during the 2019 successor period excluding the Transaction above. The following acquisitions had an aggregate purchase price of approximately \$48,832.

On July 1, 2019, the Successor Company purchased certain assets and liabilities of Michael Madden Co, Inc., d/b/a The Paper Company (TPC). TPC is a distributor of food packaging, paper products, food service disposables, and janitorial and sanitary supplies located in southern California. As such, this acquisition was driven by an attempt to gain local market share into the southern California market.

On October 16, 2019, the Successor Company purchased certain assets and liabilities of Philip Rosenau Co. Inc. (Rosenau). Rosenau is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies located in eastern Pennsylvania. As such, this acquisition was driven by an attempt to gain local market share.

On November 15, 2019, the Successor Company purchased certain assets and liabilities of J.T.R. Area Distributors, Inc. (Area). The acquisition was financed through a loan from the Delayed Draw facility (see Note 7). Area is a distributor of food packaging, paper products, food service disposables, and janitorial and sanitary supplies located in San Jose, California. As such, this acquisition was driven by an attempt to expand the Company's geographic footprint to the northern California market.

All the transactions above were accounted for as business combinations. These purchases comprised the following assets acquired and liabilities assumed at their fair market value:

	Total 2019 Successor Acquisitions*
Accounts receivable	\$ 9,701
Inventory	8,585
Other current assets	1,075
Fixed assets	4,172
Trade name(s)	460
Customer lists	25,000
Goodwill	9,495
Accounts payable and accrual	(7,116)
Capital lease obligation	(2,540)
Total purchase price	<u>\$ 48,832</u>

* Excluding the Transaction.

In conjunction with these acquisitions, the Successor Company incurred acquisition costs of \$793, which are recognized in the Successor Period and included in selling, general, and administrative expenses on the consolidated statement of loss and comprehensive income.

Since the TPC, Rosenau and Area acquisitions were legally structured as asset acquisitions, the goodwill recorded in conjunction with these transactions is fully deductible for tax purposes. Including the Transaction, \$216,123 of the goodwill recorded in conjunction with the Successor Company acquisitions in 2019 is deductible for tax purposes.

2019 Acquisitions Completed by the Predecessor Company

The Predecessor Company made strategic acquisitions during the 2019 Predecessor period. The following acquisitions had an aggregate purchase price of approximately \$49,916 and further included \$385 related to a lease that was entered into with the sellers concurrently with the business combination.

On April 10, 2019, the Predecessor Company purchased certain assets and liabilities of Edmar Cleaning Corp. (Edmar). Edmar is a distributor of janitorial and sanitary supplies located in New York City. As such, this acquisition was driven by an attempt to increase the sales of janitorial and sanitary supplies and to gain local market share.

On April 30, 2019, the Predecessor Company purchased certain assets and liabilities of Butler-Dearden Paper Service, Inc. (Butler-Dearden). Butler-Dearden is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies located in Massachusetts. As such, this acquisition was driven by an attempt to gain local market share.

On May 10, 2019, the Predecessor Company purchased certain assets and liabilities of Mid-Continent Paper and Distributing Company, Inc. (Mid-Continent). Mid-Continent is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies located in St. Louis, Missouri and Kansas City, Missouri. As such, this acquisition was driven by an attempt to gain local market share.

On May 31, 2019, the Predecessor Company purchased certain assets and liabilities of Strauss Paper Co, Inc. (Strauss). Strauss is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies located in Westchester County, New York. As such, this acquisition was driven by an attempt to gain local market share.

All of the transactions above were accounted for as business combinations. These purchases comprised the following assets acquired and liabilities assumed at their fair market value:

	Total 2019 Predecessor Acquisitions
Accounts receivable	\$ 19,148
Inventory	11,469
Other current assets	2,238
Fixed assets	1,362
Other assets	3
Customer lists	16,800
Goodwill	8,933
Accounts payable and accrual	(9,754)
Capital lease obligation	(283)
Total purchase price	<u>\$ 49,916</u>

In conjunction with these acquisitions, the Predecessor Company incurred acquisition costs of \$1,954, which are recognized in 2019 within the Predecessor Period and included in selling, general, and administrative expenses on the consolidated statement of loss and comprehensive loss.

The Company finalized the valuations of assets acquired and liabilities assumed related to all 2019 acquisitions.

2018 Acquisitions Completed by the Predecessor Company

The Predecessor Company made strategic acquisitions during the year ended December 31, 2018. The following acquisitions had an aggregate purchase price of approximately \$56,783 which includes deferred payments of \$2,118. Additional cash consideration was transferred to enter into non-compete agreements totaling \$560, which is excluded from the purchase price.

On January 19, 2018, the Predecessor Company purchased certain assets and liabilities of PCA Industrial & Paper Supplies, Inc. (PCA). PCA is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies located in eastern Pennsylvania. As such this acquisition was driven by an attempt to gain local market share and to eliminate competition.

On January 31, 2018, the Predecessor Company purchased certain assets and liabilities of Sikes Paper & Chemical Supply, Inc. (Sikes). Sikes is a distributor of food packaging, paper products, foodservice disposables and janitorial and sanitary supplies located in Georgia. As such, this acquisition was driven by an attempt to expand the Company's geographic reach and better serve national accounts.

On May 11, 2018, the Predecessor Company purchased all issued and outstanding shares of the capital stock of Gulf Coast Paper Co., Inc. (Gulf Coast). Gulf Coast is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies with seven locations in Texas. As such, this acquisition was driven by an attempt to expand the Company's geographic reach and pursue economic synergies with existing operations.

On June 22, 2018, the Predecessor Company purchased certain assets and liabilities of American Chemical & Equipment, Inc., d/b/a American Osment. American Osment is a distributor of food packaging, paper products, food-service disposables, and janitorial and sanitary supplies with three locations in Alabama. As such this acquisition was driven by an attempt to expand the Company's geographic reach and pursue economic synergies with existing operations.

All of the transactions above were accounted for as business combinations. These purchases comprised the following assets acquired and liabilities assumed at their fair market value:

	Total 2018 Predecessor Acquisitions
Cash.....	\$ 1,577
Account receivable.....	11,689
Inventory	8,399
Other current assets	1,456
Fixed assets	6,215
Other assets	76
Trade name(s)	480
Customer lists.....	18,500
Favorable leases	1,870
Goodwill.....	18,752
Accounts payable and accrual.....	(7,348)
Deferred tax liability	(2,126)
Capital lease obligation.....	(2,757)
Total purchase price	<u>\$ 56,783</u>

In conjunction with these acquisitions the Predecessor Company incurred acquisition costs of \$2,709 in 2018 which are included in selling, general, and administrative expense on the consolidated statements of loss and comprehensive loss.

The Company finalized the valuations of assets acquired and liabilities assumed related to all 2018 acquisitions.

Determination of the Fair Value of Assets Acquired and Liabilities Assumed

For all business combinations completed during the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period and the year ended December 31, 2018 by the Company, the fair values of the net assets acquired were determined using either the income, cost or market approaches. The fair value measurements of intangible assets and contingent consideration were primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in ASC 820, *Fair Value Measurement*. The income approach was primarily used to value the intangible assets, consisting primarily of trade names (relief-from-royalty method) and customer lists (multi-period excess earnings method). The income approach indicates value for an asset based on the present value of cash flow projected to be generated by the asset. Projected cash flow is discounted at a required rate of return that reflects the relative risk of achieving the cash flow and the time value of money.

The discount rates utilized to value the intangible assets ranged from 9% to 23%. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used, as appropriate, for property and equipment. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the property, less an allowance for loss in value due to depreciation.

The Company is currently assessing the identification and measurement of the assets acquired and liabilities assumed for the acquisitions of P&R, GSW, Jackson Newell, Industrial Soap, and Paper Chemical as discussed above. The preliminary results, which are summarized above, will be finalized within 12 months following the close of each acquisition. When the valuations are finalized, any changes to the preliminary valuation of assets acquired and liabilities assumed may result in adjustments to the preliminary fair value of the net identifiable assets acquired and goodwill.

4. Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Machinery, vehicles, and equipment	\$ 22,266	\$ 12,844
Computer equipment, software	7,450	4,105
Furniture and fixtures	2,764	2,554
Leasehold improvements.....	22,963	14,351
Capitalized leases	41,484	28,169
Buildings	12,282	—
Land	1,720	—
Land improvements.....	1,636	—
Fixed assets-in-progress	1,137	4,014
Total, gross.....	113,702	66,037
Less accumulated depreciation.....	(22,669)	(4,343)
Total, net	<u>\$ 91,033</u>	<u>\$ 61,694</u>

Capital leases primarily relate to trucks and other equipment used for the shipment and delivery of the Company's products. Capital lease assets acquired (noncash) during the period (excluding assets acquired in business combinations) totaled \$9,464, \$3,126, \$4,047, and \$10,380 for December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018 respectively. Depreciation expense of property and equipment amounted to \$18,423, \$8,396, \$7,047, and \$14,399 for December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period and the year ended December 31, 2018, respectively, of which \$8,847, \$4,001, \$3,689, and \$7,859, respectively, is related to capital leases. Accumulated depreciation on capital lease assets at December 31, 2020 and 2019, totaled \$11,288 and \$2,133, respectively.

Future Depreciation of Capital Lease Assets

Year ending December 31:	
2021	\$ 8,344
2022	6,946
2023	5,225
2024	4,377
2025	3,101
Thereafter	2,203
Total	<u>\$ 30,196</u>

5. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows:

	Cost	Accumulated Amortization	Net Book Value
Balance at December 31, 2018 (Predecessor)	\$ 203,694	\$ (39,283)	\$ 164,411
Acquisitions (Note 3)	8,933	—	—
Amortization expense.....	—	(9,110)	—
Balance at June 10, 2019.....	212,627	(48,393)	164,234
Elimination of predecessor goodwill.....	(212,627)	48,393	—
Acquisitions (Note 3)	356,794	—	—
Balance at December 31, 2019 (Successor)	356,794	—	356,794
Acquisitions (Note 3)	56,595	—	—
Adjustments (Note 3)	(22,973)	—	—
Balance at December 31, 2020.....	<u>\$ 390,416</u>	<u>\$ —</u>	<u>\$ 390,416</u>

Other intangible assets consist of the following at December 31:

2020				
	Cost	Accumulated Amortization	Net Book Value	Weighted Average Original Life
Other intangible assets:				
Trade names	\$ 134,870	\$ (12,145)	\$ 122,725	18 years
Customers lists	966,350	(65,720)	900,630	20 years
Other	1,612	(566)	1,046	6 years
Total other intangible assets.....	1,102,832	(78,431)	1,024,401	
Total goodwill and intangible assets .	<u>\$ 1,493,248</u>	<u>\$ (78,431)</u>	<u>\$ 1,414,817</u>	
2019				
	Cost	Accumulated Amortization	Net Book Value	Weighted Average Original Life
Other intangible assets:				
Trade names	\$ 132,460	\$ (4,137)	\$ 128,323	18 years
Customers lists	821,000	(20,814)	800,186	21 years
Other	966	—	966	4 years
Total other intangible assets.....	954,426	(24,951)	929,475	
Total goodwill and intangible assets .	<u>\$ 1,311,220</u>	<u>\$ (24,951)</u>	<u>\$ 1,286,269</u>	

Annual future amortization expense, excluding favorable leases of \$649 which are amortized against rent expense, for the next five years and in the aggregate thereafter is as follows:

Years ending December 31:	
2021	\$ 59,313
2022	58,701
2023	58,090
2024	57,991
2025	57,917
Thereafter	731,740
Total	<u>\$ 1,023,752</u>

Amortization expense related to intangible assets during 2020 amounted to \$52,986. Amortization expense related to intangible assets during the 2019 Successor Period totaled \$24,951. Amortization expense related to goodwill and intangible assets during the 2019 Predecessor Period and the year ended December 31, 2018, totaled \$17,114 and \$37,304, respectively.

6. Accrued Expenses

Expenses are accrued in the period to which they relate and rely on the use of estimates. Total accounts payable and accrued expenses as of December 31 include the following:

	2020	2019
Accounts payable, trade	\$ 78,811	\$ 87,871
Accrued expenses.....	86,422	81,350
Accrued workers' compensation liability.....	2,600	4,073
Accrued bonus and employee-related expenses	26,333	13,969
Accrued salesmen commissions.....	5,684	3,435

	2020	2019
Accrued customer rebates payable	11,172	9,268
Accrued medical	3,276	2,820
Accrued interest	206	189
Other accruals	5,270	7,246
Total	<u>\$ 219,774</u>	<u>\$ 210,221</u>

7. Long-Term Debt, Net of Debt Issuance Costs

Long-term debt consists of the following at December 31:

	2020	2019
Revolver ^(a)	\$ —	\$ —
Term loan ^(b)	1,260,610	931,059
Note payable	42	223
Debt issuance costs, net	(36,264)	(36,136)
Total	1,224,388	895,146
Less current maturities of long-term debt	(8,157)	(6,866)
Total, long-term	<u>\$ 1,216,231</u>	<u>\$ 888,280</u>

- (a) On July 21, 2020, the Company entered in an amendment to the inter-creditor agreement for a revolver loan entered into by the Successor. The Amendment increased the existing revolver amount by \$70,000 to a total of \$245,000. The incremental increase of the revolver loan has identical terms to the existing inter-creditor agreement as described below. The Company drew \$162,500 on the revolver loan which was used to fund the P&R and GSW acquisitions totaling \$35,000 and \$12,500, respectively, in addition to a \$115,000 draw for liquidity and general business purposes associated with the uncertainty during COVID-19 (Note 17). These amounts have been repaid. As of December 31, 2020, there were no outstanding loans on this facility. The Company was in compliance with all bank covenants at December 31, 2020.

Successor – On June 11, 2019, and in connection with the Transaction, the Successor Company entered into an inter-creditor agreement for a Revolver loan. The inter-creditor agreement for a Revolver loan provided for up to \$175,000 in availability. The inter-creditor agreement for the Revolver loan matures on June 10, 2024. Advances are based on percentages applied to eligible accounts receivable and inventory. The loan bears interest at the London Interbank Offered Rate (LIBOR) plus the applicable rate, as defined, or the alternative base rate (ABR) plus the applicable base rate, as defined. There are no regularly scheduled principal repayments until maturity. The loan may, depending on the amount drawn, require the Company to meet certain terms and conditions as well as certain financial covenants (including maintenance of certain fixed charge and debt to EBITDA ratios) on a quarterly basis. As of December 31, 2019, there were no outstanding loans on this facility. The Company was in compliance with all bank covenants at December 31, 2019.

- (b) During 2020, the Company drew \$113,500 and \$43,750 on its First Lien and Second Lien term loans, respectively, to help fund the APP, Wagner, P&R and Great Southwest acquisitions. On December 15, 2020, the Company entered into an amendment of the First Lien Loan entered into by the Successor requesting the Term Loan Lenders provide \$180,000 of New Term Loans. The Company used the proceeds to repay \$162,500 outstanding on the revolver loan. The New Term Loan shall constitute a separate class of term loan than the previous First Lien Loan and is payable in quarterly installments of 0.25% of the aggregate principal amount of the New Term Loans outstanding on the Amendment's effective date. The New Term Loan is currently payable in equal quarterly installments of \$450 as of December 31, 2020. Interest was being charged based on the higher of (i) 0.75% or (ii) LIBOR + 4.25%. The maturity date for the New Term Loan shall be the Initial Term Loan maturity date of June 11, 2026.

Successor – On June 11, 2019, and in connection with the Transaction, the Successor Company entered into a Term Loan Agreement with a consortium of banks for a First Lien loan in the amount of \$660,000 and a Second Lien loan in the amount of \$250,000. All amounts available under the First and Second Lien loans were used in part to fund the Transaction. In addition, the loans included Delayed Draw Term Loans in the aggregate principal amount of up to \$130,000 and \$50,000 for the First Lien and Second Lien loans, respectively. The Successor Company drew \$7,500 and \$2,750 on the First Lien Delayed Draw and Second Lien Delayed Draw, respectively, to fund the Rosenau acquisition and \$9,000 and \$3,500 on the First Lien Delayed Draw and Second Lien Delayed Draw, respectively, to fund the Area acquisition. The First Lien term loan is payable in quarterly installments of 0.25% of the original principal balance. The term loan was payable in equal quarterly installments of \$1,691 as of December 31, 2019. Principal repayments during 2019 amounted to \$1,691. Interest was being charged based on LIBOR plus 4.0% for a rate at December 31, 2019, of 5.7% for the First Lien term loan and LIBOR plus 8.0% for a rate at December 31, 2019, of 9.7% for the Second Lien term loan. The First Lien term loan matures on June 11,

2026, and the Second Lien term loan matures on June 11, 2027. The loan is collateralized by substantially all the assets of the Company. The Company was in compliance with all bank covenants at December 31, 2019.

Predecessor – In June 2017, and in connection with the purchase of the assets of Dade Paper, the Predecessor Company entered into a term loan agreement with a consortium of banks for \$395,000 (initial term loan). In January 2018, the Predecessor Company borrowed an additional \$50,000 against the term loan agreement to help finance acquisitions in 2018, and in April 2019, the Predecessor Company borrowed an additional \$30,000 to finance acquisitions subsequent to December 31. This term loan was extinguished in connection with the Transaction. As a result of the extinguishment of the debt instruments of the Predecessor Company in connection with the Transaction as discussed above, the Predecessor Company recognized total extinguishment charges of \$11,243 in 2019 during the Predecessor Period. This extinguishment charge included prepayment penalties and other fees totaling \$3,775, which were settled using cash paid by the Successor Company to the Predecessor Company at the closing of the transaction. Accordingly, these cash payments for extinguishment are not presented in the 2019 Successor or Predecessor Periods on the consolidated statement of cash flows.

Future annual maturities of long-term debt at December 31, 2020, are as follows:

Year ending December 31:	
2021	\$ 9,648
2022	9,606
2023	9,606
2024	9,606
2025	9,606
Thereafter	1,212,580
Less deferred debt issuance costs	(36,264)
Total, net	<u>\$ 1,224,388</u>

In connection with the current period debt issuances discussed above, debt issuance costs totaled \$3,416 and discounts on the issuance of debt (noncash) totaled \$3,373. Amortization of such costs, which are recorded to interest expense during the current period, totaled \$348.

In connection with the 2019 Successor Company debt issuances discussed above, debt issuance costs totaled \$30,667 and discounts on the issuance of debt (noncash) totaled \$9,327. Amortization of such costs, which are recorded to interest expense during the Successor Period, totaled \$3,076.

The Company has recorded unamortized deferred debt issuance costs and unamortized discounts related to other long-term debt instruments in the amount of \$36,264 and \$36,918 as of December 31, 2020 and 2019, respectively. Any remaining unamortized debt issuance costs related to the Predecessor Company as of the date of the transaction were included in the debt extinguishment charge discussed above.

The Company has recorded a deferred financing asset relative to the Revolver loan, which is included in other assets in the amount of \$1,536 and \$782 as of December 31, 2020 and 2019, respectively, net of accumulated amortization, \$446 and \$0 of which is current.

The future amortization of the remaining costs associated with all long-term debt including the Revolver loan is as follows:

Year ending December 31:	
2021	\$ 6,827
2022	6,827
2023	6,827
2024	6,580
2025	6,381
Thereafter	4,358
Total	<u>\$ 37,800</u>

8. Employee Benefits

Defined Contribution Plans

The Company maintains a 401(k) plan for all non-union eligible employees. The Company makes discretionary matching contributions. Employer contributions to the plan amounted to \$1,124, \$1,792, \$1,342 and \$2,894 for the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018, respectively.

Multiemployer Defined Benefit Plan Contributions

The Company contributes to a multiemployer defined benefit pension plan under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in this multiemployer plan are different from single-employer plans in the following aspects:

- (a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- (b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- (c) If the Company chooses to stop participating in the multiemployer plan, the Company may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in this plan for the years ended December 31, 2020, 2019, and 2018 is outlined in the following table. The minimum contribution required in each of these years was \$26 per member per week.

The "EIN/Pension Plan Number" column provides the employer identification number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available is for the plan's year-end at December 31, 2020. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2020/2019	FIP/RP Status Pending/ Implemented
Local 27 Fund	13-6567546/001	Green/Green	No
	Contributions from the Company		
	2020/2019 (Successor)/ 2019 (Predecessor)/ 2018 (Predecessor)	Expiration Date of Collective Bargaining Agreement	
Local 27 Fund	\$ 706/310/187/458	9/30/2021	

The Company was listed in its plan's Form 5500 as providing more than 5% of the total contributions for the plan year ended December 31, 2019 (Successor/Predecessor) and December 31, 2018 (Predecessor). At the date the consolidated financial statements were available for issuance, Form 5500 was not available for the plan year ended December 31, 2020.

9. Commitments and Contingencies

Operating Leases

The Company leases its office and warehouse space under noncancelable operating leases expiring at various times through January 2032. In addition, the Company leases a fleet of delivery trucks and warehouse equipment, the vast majority of which are under various capital lease agreements expiring at various times through July 2027. Future annual minimum rental amounts for the next five years and in the aggregate thereafter at December 31, 2020, are as follows:

	Rental Payments	Sublease Income
Year ending December 31:		
2021	\$ 31,235	\$ (884)
2022	27,219	(369)
2023	22,589	—
2024	18,473	—
2025	15,463	—
Thereafter	55,575	—
Total	<u>\$ 170,554</u>	<u>\$ (1,253)</u>

For the operating leases, the Company records rent expense on a straight-line basis over the term of the leases with the difference between cash payments and the recognition of rent expense recorded as a deferred rent liability. The deferred rent liability in total amounted to \$2,845 and \$1,304 for the years ended December 31, 2020 and 2019, respectively. The current portion of \$378 and \$374, respectively, is included in other current liabilities and the long-term portion of \$2,845 and \$930, respectively, is included in other long-term liabilities.

The office and warehouse leases provide for the payment of real estate taxes which are included in rent expense. Rent expense charged to operations for the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018, amounted to \$27,499, \$12,587, \$7,847 and \$16,105, respectively.

The Company leases warehouse facilities at multiple locations throughout the United States to ensure same-day deliveries to customers. Primary office space leases are in New Jersey and Florida and are adjacent to warehouse distribution centers. Most leases contain rent escalation clauses as well as renewal options that can be exercised by the Company.

The lease of a facility in Bayonne, New Jersey is subleased over a term ending in May 2022. Sublease income is included in other revenue on the consolidated statements of loss and comprehensive loss.

Capital Lease Obligations

The Company leases trucks and warehouse equipment under lease agreements that qualify for capital lease treatment, expiring at various times through January 2027. The total capitalized lease obligations at December 31, 2020 and 2019, were \$33,878 and \$31,064, respectively, of which \$8,802 and \$8,615 were classified as current liabilities on the consolidated balance sheets. Future annual payments for the next five years and in the aggregate thereafter at December 31, 2020, are as follows:

Future Payments of Capital Leases

Year ending December 31:	
2021	\$ 11,095
2022	9,249
2023	6,988
2024	5,794

2025.....	4,077
Thereafter	2,819
Total minimum lease payments.....	40,022
Less amounts representing interest.....	(6,144)
Total	<u>\$ 33,878</u>

Deferred Purchase Price

In connection with certain strategic acquisitions and the Transaction, the Company has agreed to make future payments generally based on a percentage of future net sales from customers of the acquired businesses. These payments, referred to as earn-outs, represent contingent consideration that is included in the purchase price (deferred purchase price) for such businesses acquired. The maximum amount of the liability the Company will be obligated to pay to the sellers related to the earn-outs is unlimited.

In addition to the earn-outs, the deferred purchase price liabilities include certain fixed payments that remained outstanding as of the balance sheet dates. As of December 31, 2020 and 2019, the Company had an estimated remaining liability for total deferred purchase price liabilities recorded at fair value (see Note 10) of \$2,259 and \$4,143, respectively, of which \$1,322 and \$3,584, respectively, related to earn-outs. As of December 31, 2020 and 2019, \$1,819 and \$3,956, respectively, of deferred purchase price is current and recorded on the consolidated balance sheets within other current liabilities. As of December 31, 2020 and 2019, \$440 and \$187, respectively, of deferred purchase price is long-term and recorded on the consolidated balance sheets within other long-term liabilities.

Total contingent consideration paid in the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period and the year ended December 31, 2018, excluding interest, was \$3,985, \$2,825, \$3,033 and \$5,595, respectively. In addition, the Company paid final net working capital adjustments of \$0, \$0, \$0 and \$3,031 in the year ended December 31, 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31, 2018, respectively. The contingent consideration is recorded on the consolidated statement of cash flows as a financing activity and the net working capital payments are recorded as an investing activity within acquisitions of businesses.

10. Fair Value

At December 31, 2020, the Company estimated the fair value of its deferred purchase price liability for earn-outs using a discounted cash flow valuation approach based on estimated future net sales multiplied by the fixed percentages owed pursuant to the respective agreements. Using this approach, expected future cash flows are calculated over the expected lives of each agreement and then are discounted. Some of the more significant assumptions made in the valuation include (i) the estimated net revenue forecasts for the relevant acquired companies and (ii) the discount rate. The discount rate utilized to fair value the deferred purchase price at December 31, 2020, ranged from 6.6% to 9.7%. Changes in the fair value of the contingent consideration are included on the consolidated statements of loss and comprehensive loss as selling, general, and administrative expenses. Changes in the fair value of the deferred purchase price in 2020 and the 2019 Successor Period were insignificant. Changes in the fair value of the deferred purchase price liability resulted in an decrease of \$355 and \$267 to selling, general, and administrative expense during the 2019 Predecessor period and the year ended December 31, 2018, respectively. These liabilities have been classified as Level 3, as the valuation and related inputs require judgment and estimation of factors that are not currently observable in the market. If different assumptions were used for the net sales estimates or discount rates, the estimated fair value could be higher or lower than the fair value determined.

At December 31, 2020, the Company estimated the fair value of its interest rate swaps using a discounted cash flow approach based on estimated future cash flows and interest rate yield curves. Some of the more significant assumptions made in the valuation include (i) the estimated future cash flows, (ii) the discount rate, and (iii) yield curve. These liabilities have been classified as Level 2, as the fair value can be determined based on readily observable market data for all substantial terms and inputs in the Company's derivative contracts. If different

assumptions were used for the net sales estimates or discount rates, the estimated fair value could be higher or lower than the fair value determined.

The following table presents the Company's recurring fair value measurements as of December 31, 2020:

	Level 1	Level 2	Level 3
Deferred purchase price	\$ —	\$ —	\$ 2,259
Derivative liabilities	—	12,043	—
Total	<u>\$ —</u>	<u>\$ 12,043</u>	<u>\$ 2,259</u>

11. Derivatives

In 2020, the Company entered into interest rate derivatives to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

During 2020, such derivatives were used to hedge the variable cash flows associated with a portion of the Company's Term Loan Agreement (see Note 7) and resulted in an additional \$2,695 of interest expense. No such derivatives were held by the Company in 2019 or prior.

As of December 31, 2020, the Company had two outstanding interest rate swap derivatives with notional amounts of \$300,000 and \$500,000 that were designated as cash flow hedges of interest rate risk using the simplified hedge accounting approach. The interest rate swap derivatives terminate in 2025. A short-term derivative liability of \$4,620 is recorded in other current liabilities and a long-term derivative liability of \$7,423 is recorded in other long-term liabilities as of December 31, 2020.

During 2021, the Company estimates that an additional \$4,713 will be reclassified as an increase to interest expense.

12. Concentration of Source of Supply of Labor

The Company's workforce is made up of union and non-union employees. The union employees are members of the Paper Products, Miscellaneous Chauffeurs, Warehousemen, Helpers, Messengers, Production, and Office Workers, Local 27.

At December 31, 2020, approximately 13.4% of the Company's 2,439 employees worked under a collective bargaining agreement that expires September 30, 2021. At December 31, 2019, approximately 17% of the Company's 3,047 employees worked under a collective bargaining agreement that expires September 30, 2021.

13. Related-Party Transactions

Bain Capital Partners (Bain) obtained a controlling interest in the Successor Company on June 11, 2019, in connection with the Transaction. The Audax Group of Companies (Audax) had a controlling interest in the Predecessor Company and has retained a noncontrolling interest in the Successor Company.

For the year ended December 31 2020, the 2019 Successor Period, 2019 Predecessor Period, and the year ended December 31 2018, the Company has incurred expenses payable to Bain and Audax for management fees and transaction fees and has also reimbursed them for out-of-pocket expenses. These costs are recorded on the consolidated statements of loss and comprehensive loss within selling, general, and administrative expenses. The amounts expensed are detailed as follows:

	(Successor) 2020	(Successor) 2019	(Predecessor) 2019	(Predecessor) 2018
Management fees and expenses	\$ 4,865	\$ 2,970	\$ 1,786	\$ 3,078
Transaction-related fees and expenses	1,460	380	15,058	591
Total expenses.....	\$ 6,325	\$ 3,350	\$ 16,844	\$ 3,669

The Company purchases and recognizes net product sales through the vendor Diversey, a Bain-affiliated company. The Company had gross purchases of \$39,578 and \$17,082 through Diversey during the year ended December 31, 2020 and the 2019 Successor Period, respectively. The Company recognized net sales of \$41,984 and \$14,553 through Diversey during the year ended December 31, 2020 and the 2019 Successor Period, respectively.

Dade Paper owns a 30% share of DP Distribution LLC (DPD), a wholesale distributor of branded retail merchandise. DPD provides consumer packaged goods, including grocery products, household products, personal care and health products, and electronics. The Company accounts for its interest in DPD as an equity method investment. The investment in DPD was revalued by the Successor Company in connection with the Transaction on June 11, 2019, at a fair value of \$9,500 using the market approach. The Predecessor Company recognized \$281 and \$644 in income from the DPD investment in the 2019 Predecessor Period and the year ended December 31, 2018, which is net of \$366 and \$832, respectively, in amortization expense of the equity method goodwill. The net amount is shown as income from equity method investments in the accompanying statement of operations. As of June 11, 2019, the Successor Company no longer amortized the goodwill as consistent with updated accounting policies (see Note 2). The Successor Company recognized income from equity method investments of \$1,052 and \$804 during 2020 and the Successor Period, respectively. Additionally, \$1,291, \$798, \$728 and \$1,504 was received in dividends from DPD during the year ended December 31 2020, the 2019 Successor Period, the 2019 Predecessor Period, and the year ended December 31 2018, respectively. The Company also provides free office space and an incidental amount of administrative support to DPD.

An executive officer and member of the Predecessor Company sat on the Board of Directors of NETWORK, an organization through which the Company sells its products. Revenues recognized by the Predecessor Company during the 2019 Predecessor Period and the year ended December 31, 2018, through NETWORK were \$111,148, and \$207,933, respectively. The executive officer resigned from the Board on June 10, 2019, and retired from the Company and as such, NETWORK is not a related party for the Successor Periods.

14. Stock-Based Compensation

The Successor Company instituted and adopted the 2019 Stock Option Plan (the Plan) whereby a committee appointed by the Board of Directors (the Committee) may make discretionary awards of incentive stock options and non-qualified options to certain employees, officers, directors and consultants (together, Participants). Each award granted will be subject to a stock award agreement setting forth the terms and provisions applicable to the awards granted. Certain employees, officers, directors, and consultations have been granted time-based stock options (the Time-Based Options) and performance-based options (the Performance Options and, together with the Time-Based Options, the Options) to purchase shares of the Successor Company's common stock. The maximum number of shares available for issuance to participants under the Plan is 71,016,885, and there are 10,413,170 shares available to be issued at December 31, 2020.

The Options may be awarded to Participants at any time as determined by the Committee. Each option is equal to one share of the Successor Company's common stock. The exercise price of each option is generally equal to the fair value of the Successor Company's common stock on the date of award. The Options expire at such time as determined by the Committee but do not exceed ten years from date of grant and generally vest over five years.

Of the Options granted under the Plan to date, 50% have been Time-Based Options and the remaining 50% have been Performance Options.

Time-Based Options

The Time-Based Options vest 20% annually for a five-year term beginning on the first anniversary of the grant date based on the achievement of service conditions.

The Successor Company recognized \$2,173 and \$1,021 of compensation costs related to the Time-Based Options during the year ended December 31, 2020, and the period from June 11, 2019 (Inception) to December 31, 2019, respectively. This expense is included in selling, general, and administrative expenses on the consolidated statements of loss and comprehensive loss. At December 31, 2020, there was \$8,761 of unrecognized compensation cost related to non-vested Time-Based Options that is expected to be recognized through December 2025.

The summary of Options outstanding and changes during fiscal year 2020 is presented below:

	Shares Under Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance at June 11, 2019	—	\$ —	
Options forfeited/expired	—	—	
Options exercised	—	—	
Options granted	25,733,496	1.01	
Balance at December 31, 2019	25,733,496	1.01	9.47
Options forfeited/expired	(717,271)	1.00	
Options exercised	—	—	
Options granted	5,326,467	1.33	
Balance at December 31, 2020	30,342,692	1.07	8.79
Exercisable at December 31, 2020	5,017,489	\$ 1.01	8.65

The weighted average grant date fair value of stock options granted during the year ended December 31, 2020 and the period from June 11, 2019 (Inception) to December 31, 2019, was \$0.45 and \$0.38, respectively. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option valuation model based on the assumptions noted in the table below.

	For the Year Ended December 31, 2020	For the Period from June 11, 2019 (Inception) to December 31, 2019
Expected term	6.5 years	6.5 years
Volatility	45.5%–49.4%	40%–55%
Risk-free interest rate	0.35%–0.54%	1.6%–2.0%
Dividend yield	0%	0%

Expected term: The Company's expected term represents the period that the Time-Based Options are expected to be outstanding and was determined as a function of contractual terms of the Time-Based Option award and vesting schedules. The Company used the simplified method of calculation for estimating expected term.

Volatility: The volatility factor for the Company's Time-Based Options was estimated using the average volatility of comparable publicly traded companies as a proxy for what would have been the Company's volatility had the Company been public.

Risk-free interest rate: The Company bases the risk-free interest rate used in the Black-Scholes model on implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Dividend yield: The Company does not anticipate that dividends will be distributed in the near future.

Performance Options

The Performance Options are subject to time and performance vesting and will only be deemed fully vested when they have both time vested and performance vested in accordance with the terms hereof. Time vesting for the Performance Options is consistent with the Time Based Options as described above. The performance requirements relate to the achievement of specified multiples of a return on the initial investment of the Successor Company's majority stockholder.

As of December 31, 2020 and 2019, the Successor Company evaluated and determined that it is not probable that these performance conditions will be met, and accordingly, the Successor Company recorded no stock option expense related to these options during the year ended December 31, 2020 and the period from June 11, 2019 (Inception) to December 31, 2019.

The summary of Performance Options outstanding and changes during fiscal year 2020 is presented below:

	Shares Under Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance at June 11, 2019	—	\$ —	
Options forfeited/expired	—	—	
Options exercised	—	—	
Options granted	25,733,496	1.01	
Balance at December 31, 2019	25,733,496	1.01	9.47
Options forfeited/expired	(798,940)	1.00	
Options exercised	—	—	
Options granted	5,326,467	1.33	
Balance at December 31, 2020	30,261,023	1.06	8.79
Exercisable at December 31, 2020	—	\$ —	—

The weighted average grant date fair value of Performance Options granted during the year ended December 31, 2020, ranges from \$0.37 to \$0.40 based upon the performance criteria for vesting to be met. The weighted average grant date fair value of Performance Options granted during the period from June 11, 2019 (Inception) to December 31, 2019, was \$0.33 to \$0.36. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option valuation model based on the assumptions noted in the table below:

	For the Year Ended December 31, 2020	For the Period from June 11, 2019 (Inception) to December 31, 2019
Expected term	3.7–4.25 years	4.48–5.00 years
Volatility	50.6%–56.4%	50.5%–55.5%
Risk-free interest rate	0.17%–0.44%	1.59%–1.71%
Dividend yield	0%	0%

Expected term: The Company's expected term represents the period that the Performance Options are expected to be outstanding and was determined as a function of contractual terms of the Performance Option awards and vesting schedules. The Company used the simplified method of calculation for estimating expected term.

Volatility: The volatility factor for the Company's Performance Options was estimated using the average volatility of comparable publicly traded companies as a proxy for what would have been the Company's volatility had the Company been public.

Risk-free interest rate: The Company bases the risk-free interest rate used in the Black-Scholes model on implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Dividend yield: The Company does not anticipate that dividends will be distributed in the near future.

15. Income Taxes

The income tax benefit consisted of the following:

		Successor	Predecessor
		For the Period from June 11, 2019 (Inception) to December 31, 2019	For the Period from January 1, 2019 to June 10, 2019
	December 31, 2020		
Current:			
Federal.....	\$ (2,510)	\$ 2,172	\$ 335
State.....	633	1,407	34
	(1,877)	3,579	369
Deferred:			
Federal.....	(4,542)	(10,667)	(510)
State.....	(1,015)	(3,206)	(23)
	(5,557)	(13,873)	(533)
Benefit for income taxes	\$ (7,434)	\$ (10,294)	\$ (164)

The primary reconciling items between the statutory income tax rate and the effective income tax rate are nondeductible items, state taxes, and deferred tax rate changes and, additionally for the Predecessor Period, the flow, through tax treatments of a significant portion of the entity's pretax losses.

The following items make up the Company's net deferred tax assets and liabilities:

	Successor	
	At December 31, 2020	At December 31, 2019
Deferred tax assets:		
Loss carryforwards	\$ 13,126	\$ 86
Charitable contributions	164	19
Interest expense	11,171	10,184
Stock-based compensation	826	301
Capitalized lease liability	8,612	8,157
Allowance for bad debts.....	5,013	1,823
Inventory reserves	2,218	2,479
Accrued expenses	8,075	4,439
Investments	—	693
Derivatives	3,113	—
Total deferred tax assets	52,318	28,181
Deferred tax liabilities:		
Intangible assets	(94,381)	(92,738)
Fixed assets	(14,658)	(12,779)
Prepaid expenses	(983)	(1,486)
Investments	(220)	—
Total deferred tax liabilities	(110,242)	(107,003)
Net deferred tax liabilities	\$ (57,924)	\$ (78,822)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted and signed into law in the United States. Certain provisions of the CARES Act impact the 2019 income tax computations of the Company and will be reflected in the period of enactment.

The CARES Act contains modifications on the limitation of business interest for tax years beginning in 2019. The modifications to Section 163(j) increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. This modification would impact the allowable interest expense deduction of the Company and the taxable income for the years ended 2020 and 2019.

At December 31, 2020, the Company has federal and state net operating loss carryforwards of \$58,477 and \$13,221, respectively. Approximately \$58,477 of the federal net operating losses do not expire. Approximately \$13,221 of the state net operating losses will begin to expire in 2039.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to utilize the existing deferred tax assets. Based on this evaluation, no valuation allowance has been recorded.

Management has evaluated all significant tax positions at December 31, 2020, and 2019 and concluded that there are no material uncertain tax positions. The Company would recognize both interest and penalties related to unrecognized tax benefits in income tax expense. Since the Company did not have any uncertain tax positions, there has been no interest or penalties on any unrecognized tax benefits during 2020, the 2019 Successor Period, the 2019 Predecessor Period, or 2018.

Tax years 2016 through 2019 remain open to examination by major taxing jurisdictions to which the Company is subject. The Company is currently not under examination for any tax years.

16. Concentration Risk

The Company recognized net product sales to multiple customers through NETWORK (see Note 13), a distribution partner. While no individual customer through NETWORK accounted for sales greater than 10%, these sales in the aggregate represented approximately 15%, 14%, 14% and 14% of the Company's total sales for the year ended December 31 2020, the 2019 Predecessor Period, the 2019 Successor Period, and the year ended December 31, 2018, respectively. No other single distribution partner, customer or supplier represented greater than 10% of total sales or purchases in 2020, the 2019 Successor Period, the 2019 Predecessor Period, or 2018.

17. Impact of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic, and on March 13, 2020, the United States declared a national emergency. States and cities have taken various measures in response to COVID-19, including mandating the closure of certain businesses and encouraging or requiring citizens to avoid large gatherings. The Company's operations are and have been continuously open for business since we are among businesses that generally have been considered essential by federal, state, or local authorities.

One of the highest Company priorities is the health, safety and security of its employees. Management has adapted its operations and implemented a number of measures to facilitate a safer environment for both customers and employees, which includes following best practices and guidelines from the Centers for Disease Control and Prevention (CDC). The Company continues to monitor developments to minimize potential exposures and facilitate safe and healthy environments in its branches, warehouses, and other facilities.

Although the Company has experienced operational and other challenges to date, there has been no material adverse impact on its consolidated results of operations for fiscal year 2020 as a result of COVID-19. The Company believes it has sufficient liquidity on hand to continue business operations during this volatile period. In March 2020, the Company borrowed against its asset-based revolver further enhancing cash position and increasing financial flexibility. In December 2020, the last of these borrowed amounts were repaid, and as of December 31,

2020, the total asset-based revolver is available. Between March 2020 and June 2020, the Company took steps to reduce operating costs by reducing its workforce by approximately 12%. However, as of December 31, 2020, employee workforce is up 22% compared to March 2020, due to management's response to COVID-19 as well as a result of the Company's fiscal year 2020 acquisitions. Management continues to access management's discretionary spending on a routine basis and may take additional steps to reduce operating costs.

Certain of the Company's customers continue to have limitations on their ability to conduct their business and pay for product previously purchased, and management has considered these factors in the allowance for doubtful accounts. However, the Company has not recorded any impairments of tangible or intangible assets, including goodwill.

Management continues to actively monitor the ongoing COVID-19 pandemic and may take further actions that alter the Company's business operations if required by federal, state, or local authorities or that the Company determines are in the best interests of its associates, customers, and suppliers. The situation surrounding COVID-19 remains fluid and the potential for a material impact to the Company increases the longer the virus impacts the level of economic activity in the United States. For this reason, management cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company's results of operations and financial position.

18. Subsequent Events

On March 12, 2021, the Company acquired a leading distributor of janitorial supplies with six total facilities across Florida, Georgia, and Tennessee. The Company purchased the acquiree for a base purchase price of \$30,000 subject to adjustments at closing for working capital, indebtedness and transaction costs. Given the recent date of the acquisition, the preliminary purchase price allocation has not been completed.

\$655,000,000



BCPE Empire Topco, Inc.

% Senior Notes due 2027

Offering Memorandum
, 2021

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