The information in this offering memorandum is not complete and may be changed. This offering memorandum is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Offering Memorandum dated October 19, 2020

PRELIMINARY OFFERING MEMORANDUM CONFIDENTIAL

$500,000,000

MULTI-COLOR GLOBAL LABEL SOLUTIONS

LABL Intermediate Holding Corporation

%/ % Senior PIK Toggle Notes due 2025

The Issuer

- Issuer: LABL Intermediate Holding Corporation, a Delaware corporation (the "Issuer"), a holding company and indirect parent of LABL (as defined below) and its subsidiaries, will issue the Notes (as defined herein) offered hereby. The Issuer is controlled by affiliates of funds advised by Platinum Equity Advisors, LLC (together with its affiliates, "Platinum" or the "Sponsor").

The Offering:

- The Issuer is offering $500,000,000 aggregate principal amount of %/ % Senior PIK Toggle Notes due 2025 (the "Notes").
- Use of Proceeds: The Issuer intends to use the proceeds of this offering to pay a dividend to the Issuer's shareholders and to pay certain fees, commissions and related expenses.

The Notes:

- Maturity: The Notes will mature on , 2025.
- Interest Payments: The Notes will pay interest semi-annually in arrears on and of each year, beginning on , 2021. For each interest period, the Issuer will be entitled to elect to accrue and pay all or a portion of the interest by increasing the principal amount of the outstanding Notes or by issuing new Notes (such increase or issuance being referred to herein as "PIK Interest"), with any remaining interest paid entirely in cash ("Cash Interest") subject to adjustment based on a liquidity threshold. Cash Interest will accrue on the Notes at a rate *per annum* equal to %. PIK Interest will accrue on the Notes at a rate *per annum* equal to %, which is the Cash Interest rate plus 75 basis points. See "Description of Notes—Principal, Maturity and Interest." The Notes will be treated as having been issued with original issue discount for U.S. federal income tax purposes.
- Ranking: The Notes will be the Issuer's general senior unsecured obligations, will rank senior in right of payment to any of the Issuer's future subordinated indebtedness, will rank equally in right of payment with any of the Issuer's future senior indebtedness, will be effectively subordinated to any of the Issuer's future secured indebtedness to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated to all of the existing and future indebtedness and other liabilities of any of the Issuer's current or future subsidiaries that do not guarantee the Notes, including the obligations of our subsidiaries under the Senior Secured Credit Facilities (as defined herein) and the Opco Notes (as defined herein). The Notes will not be guaranteed by any of the Issuer's subsidiaries on the issue date.
- Optional Redemption: The Notes may be redeemed on or after , 2021 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time on or after , 2021, all or a specific portion of the Notes may be redeemed in connection with an initial public offering or merger with a publicly traded company at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time on or after , 2021, all (but not less than all) of the Notes then outstanding may be redeemed in connection with a company sale transaction at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to , 2021, the Notes may be redeemed at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a "make-whole" premium. At any time prior to , 2021, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes using the proceeds of certain equity offerings at a redemption price equal to % of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In connection with any offer to purchase the Notes, if holders of no less than 90% of the aggregate principal amount of the Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder.
- Form: The Notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof; *provided* that, following the payment of PIK Interest, such minimum denominations shall be $1.00 and any integral multiple of $1.00 in excess thereof and PIK Interest in the form of new Notes will be issued in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof. The Issuer does not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes on any automatic quotation system, and currently there is no public market for the Notes.

Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page 31.

Offering Price: % plus accrued interest, if any, from , 2020.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The Issuer is not required to and does not intend to register the Notes for resale under the Securities Act or the securities laws of any other jurisdictions, and the Issuer is not required to offer to exchange the Notes for notes registered under the Securities Act or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to United States persons, except to persons reasonably believed to be qualified institutional buyers in reliance on an exemption from registration provided by Rule 144A under the Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. The Issuer and the initial purchasers named below are offering the Notes only to persons reasonably believed to be qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. For further details about eligible offerees and resale restrictions, see "Transfer Restrictions."

The Issuer expects that the Notes will be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Euroclear Bank SA/NV, as operator of the Euroclear System, and Clearstream Banking, S.A., on or about , 2020, which is the business day following the date of confirmation of orders with respect to the Notes (such settlement cycle being referred to as "T+ "). You should be advised that trading of the Notes may be affected by the T+ settlement. See "Plan of Distribution."

Joint book-running managers

BofA Securities **Deutsche Bank Securities** **Guggenheim Securities**

BMO Capital Markets **Barclays** **Credit Suisse** **Morgan Stanley**

The date of this offering memorandum is , 2020.

MULTI-COLOR™

GLOBAL LABEL SOLUTIONS

In making your investment decision, you should rely only on the information contained in this offering memorandum. Neither the Issuer nor the initial purchasers have authorized anyone to provide you with any other information or represent anything about us or this offering that is not contained in this offering memorandum. If you receive any such other information or representation, it should not be relied upon as having been authorized by the Issuer or the initial purchasers. We take no responsibility for, and can provide no assurance as to the accuracy of, any other information that others may give you. The Issuer is not, and the initial purchasers are not, making an offer to sell, or soliciting an offer to buy, any of these Notes in any jurisdiction where, or to any person to whom, an offer, solicitation or sale is not permitted. The Issuer and the initial purchasers are offering to sell the Notes offered hereby only in places where offers and sales are permitted.

You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

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NOTICE TO INVESTORS

We are making this offering in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The Notes 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 and any applicable state securities laws. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

By purchasing the Notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under "Transfer Restrictions" in this offering memorandum. We are not, and the initial purchasers are not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum summarizes documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the information we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the Notes, including the merits and risks involved.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is, nor should you rely upon it as, a promise or representation, whether as to the past or the future.

This offering memorandum is being provided on a confidential basis (1) to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the Securities Act. Its use for any other purpose is not authorized. This offering memorandum may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed to the prospective investors to whom it is provided by us or by the initial purchasers.

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 (the "EEA") or in the United Kingdom (the "U.K."). 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"); or (ii) a customer within the meaning of Directive 2002/92/EC (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 or the U.K. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the U.K. 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 or in the U.K. 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 in this offering memorandum.

By accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering memorandum relates to an offering that is exempt from registration under the Securities Act, and (4) no person has been authorized to give information or to make any representations concerning us, this offering or the Notes described in this offering memorandum, other than as contained in this offering memorandum.

We and the initial purchasers make no representation to you that the Notes are a legal investment for you. You should not consider any information included in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes. Neither the delivery of this offering memorandum nor any sale made pursuant to this offering memorandum implies that any information set forth in this offering memorandum is correct as of any date after the date of this offering memorandum.

You should contact the initial purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum.

We reserve the right to withdraw this offering of the Notes at any time. We 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. We are making this offering subject to the terms described in this offering memorandum and the indenture (the "Indenture") to be entered into by the Issuer and Wilmington Trust, National Association, as trustee (in such capacity, the "Trustee").

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global certificates, all of which will be deposited with, or on behalf of, DTC for the accounts of its participants, including Clearstream Banking, S.A. ("Clearstream") and Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear"), and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global certificates will be shown on, and transfers of the global certificates will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global certificates). After the initial issuance of the global certificates, Notes in certificated form will be issued in exchange for the global certificates only as set forth in the Indenture. See "Book-Entry, Delivery and Form."

In connection with this offering, the initial purchasers may, but are not required to, effect transactions that stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market. Such stabilizing, if commenced, may be discontinued at any time. For a description of these activities, see the section entitled "Plan of Distribution" in this offering memorandum.

This offering memorandum is strictly confidential and has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this offering memorandum is unauthorized and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and not to make any photocopies, in whole or in part, of this offering memorandum or any documents delivered in connection with this offering memorandum.

This offering memorandum, as well as any other documents related to this offering, will not be reviewed or approved by the U.S. Securities and Exchange Commission (the "SEC"). The Notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC or any other federal, state or foreign securities commission or regulatory authority, nor has the SEC or any such federal, state or foreign securities commission or regulatory authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. There are no registration rights associated with the Notes, and we have no intention to offer Notes registered under the Securities Act in exchange for the Notes offered in this offering or to file a registration statement with respect to the Notes. The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended.

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, position in the market 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 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, liquidity, prospects, growth, strategies, position in the market and the development of the industry in which we operate may differ materially from those described in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition, liquidity, prospects, growth, strategies, position in the market 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.

USE OF NON-GAAP FINANCIAL MEASURES

In this offering memorandum, we present certain non-GAAP measures, including EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA and similar measures, which are not required by, or presented in accordance with, United States (U.S.) generally accepted accounting principles ("GAAP"). As used in this offering memorandum, the following terms have the following meanings:

- "EBITDA" means net income (loss) before interest expense, net, income taxes, depreciation and amortization and impairment loss on intangible assets.

- "Adjusted EBITDA" means EBITDA adjusted for acquisition and integration expenses, facility closure expenses, incentive normalization, severance, retention & employee payments, provision for customer bankruptcy, plant start-up costs, sponsor and advisory fees, revenue recognition normalization, impact of purchase accounting on inventory, duplicative audit fees, right sizing of plants, value of contingent consideration adjustment, policy harmonization, stock-based compensation, normalization adjustments, goodwill write-off and other non-recurring, non-cash or unusual cash costs and other non-recurring income and expense items. See footnote (3) under "Summary—Summary Historical Consolidated Financial Information and Other Data."

- "Pro Forma Adjusted EBITDA" means Adjusted EBITDA, further adjusted to give effect to the *pro forma* impact of cost savings actions that have been implemented or are expected to be implemented within 18 months of the applicable measurement date.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that Adjusted EBITDA is a relevant measure for assessing our performance because it is adjusted for certain items that, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of EBITDA. We believe that Pro Forma Adjusted EBITDA is a relevant measure for assessing our performance because it reflects the adjustment for certain items related to cost saving initiatives we have implemented or plan to initiate.

None of our non-GAAP measures is a measurement of performance under GAAP, and you should not consider those measures as an alternative to net income determined in accordance with GAAP. The non-GAAP measures in this offering memorandum are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the non-GAAP measures reported by us to such measures or other similar measures as reported by other companies. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA as presented herein may differ from the definition of "Consolidated EBITDA" that is contained in the Credit Agreements or the indentures governing the Opco Notes or that will be contained in the Indenture. The non-GAAP measures do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirements and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Our non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements;

- some of the exceptional items that we eliminate in calculating EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA reflect cash payments that were made, or will in the future be made;

- the fact that other companies in our industry may calculate EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA differently than we do, which limits their usefulness as comparative measures; and

- Pro Forma Adjusted EBITDA reflects adjustments for the impact of cost savings actions that have been implemented or are expected to be initiated within 18 months of the applicable measurement date as if they had been fully realized at the beginning of such period, which may not be realized in such period or at all, and which may cost more to achieve than we anticipated.

We may incur expenses similar to the adjustments noted herein to calculate Adjusted EBITDA and Pro Forma Adjusted EBITDA. However, the magnitude of such adjustments for the periods noted below is not necessarily indicative of the magnitude of such adjustments in future periods. The presentation of Adjusted EBITDA and Pro Forma Adjusted EBITDA should not be construed as an inference that future results will be unaffected by unusual or non-recurring items.

Because the leverage ratios presented in this offering memorandum are based, in part, on Pro Forma Adjusted EBITDA, these measures are similarly impacted by the limitations referenced above and also should not be considered in isolation or as a substitute for GAAP measures.

MARKET AND OTHER DATA

Throughout this offering memorandum, we refer to our market position or market share in various markets or regions. These references represent our best estimates of our market position or market share at the time of this offering memorandum and are based on management's knowledge of the industry and/or the market data and other statistical information obtained from independent industry publications, reports by market research firms or other published sources, as further specified below. Certain market and industry data included in this offering memorandum, including the size of certain markets, are based on estimates or beliefs of our management. These estimates or beliefs have been derived from or based on our management's knowledge and experience in the markets in which we operate, as well as information obtained from surveys, reports by market research firms, our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate. In addition, these estimates and beliefs reflect management's understanding of the various distinct markets for our products.

We confirm that the information in this offering memorandum that is based on statistical information from independent industry publications, reports by market research firms or other published sources has been accurately reproduced and that, so far as we are aware and are able to ascertain from information published by publicly available sources and other publications, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, we have cited information published by Smithers Pira Consultancy ("Smithers Pira"). Such sources and other industry publications, reports and other published data generally state that the information contained therein has been obtained from sources believed to be reliable, but we cannot assure you that the information contained in these reports, and therefore the information contained in this offering memorandum that is derived therefrom, is accurate or complete. This information may prove to be inaccurate because of the method by which we obtain some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, although we believe these sources are reliable and we are not aware of any misstatements regarding our industry data included herein, neither we nor the initial purchasers have independently verified the information and cannot guarantee its accuracy and completeness.

Unless specifically noted otherwise, all market position or market share, statistical, industry or other market information presented in this offering memorandum is based on an April 2018 report by Smithers Pira, which includes certain information or sources for the year ended December 31, 2017. In each such case, management believes such information presented represents the most recent data available to us. References to "market share," "market position" and "market leader" are based on global sales in the referenced market.

TRADEMARKS, SERVICE MARKS AND COPYRIGHTS

We own or have rights to trademarks, service marks 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 appearing in this offering memorandum are the property of their respective owners. The trademarks and service marks that we own or have the right to use include, among others, Multi-Color™, Therimage™, Flameless™, recycLABEL®, KillerWhite™, W/S Packaging Group™, DesignMax™, Slot-Tickets™ and WebFlex™. Solely for convenience, in some cases, the trademarks, service marks and trade names referred to in this offering memorandum are listed without the applicable ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks, service marks and trade names. Other trademarks and service marks referenced in this offering memorandum are, to our knowledge, the property of their respective owners.

GLOSSARY

Unless the context otherwise requires (and except as otherwise defined in "Description of Notes" for purposes of that section only), references in this offering memorandum to:

- "ABL Credit Agreement" refers to the credit agreement that governs our ABL Credit Facility;
- "Acquisition" refers to the acquisition of Multi-Color by LABL on the Acquisition Closing Date;
- "Acquisition Closing Date" refers to July 1, 2019, the closing date of the Acquisition;
- "Credit Agreements" refers, collectively, to the ABL Credit Agreement and the Term Loan Credit Agreement;
- "E.U." refers to the European Union;
- "Euro" and "€" refer to the currency of the member states of the E.U. participating in the European Monetary Union;
- "GAAP" refers to United States (U.S.) generally accepted accounting principles;
- "Holdings" refers to LABL Acquisition Corporation (formerly known as WS Labels Acquisition Corporation), a Delaware corporation and the direct parent of LABL;

- “Indenture” refers to the indenture that will govern the Notes offered hereby;
- “initial purchasers” refers to the firms listed on the cover page of this offering memorandum, in their respective capacities as initial purchasers of the Notes;
- “Issuer” refers to LABL Intermediate Holding Corporation, a Delaware corporation and the direct parent of Holdings;
- “LABL” refers to LABL, Inc. (formerly known as W/S Packaging Holdings, Inc.), a Delaware corporation;
- “LTM Period” refers to the twelve month period ended June 30, 2020;
- “MCC” refers to Multi-Color and its consolidated subsidiaries prior to the Acquisition;
- “Multi-Color” refers to Multi-Color Corporation, an Ohio corporation;
- “Notes” refers to the notes offered hereby;
- “Opco Notes” refers, collectively, to the Unsecured Opco Notes and the Secured Opco Notes;
- “Platinum” or the “Sponsor” refers to Platinum Equity Advisors, LLC and its affiliates (other than any portfolio companies thereof);
- “Secured Opco Notes” refers to LABL’s 6.75% Senior Secured Notes due 2026;
- “Senior Secured Credit Facilities” refers, collectively, to (i) a senior secured first-lien term loan facility in an aggregate principal amount of $1,197.0 million (the “Term Loan Facility”) consisting of (a) a U.S. dollar tranche in an aggregate principal amount of $635.2 million and (b) a Euro-denominated tranche in an aggregate principal amount equal to the Euro-equivalent of $561.8 million and (ii) a senior secured asset-based revolving credit facility with commitments of $300.0 million (the “ABL Credit Facility”) (see “Description of Other Indebtedness” for a further description of these facilities);
- “SKU” refers to a stock keeping unit, a product and service identification code for a store or product often portrayed as a machine-readable bar code that helps track the item for inventory;
- “Term Loan Credit Agreement” refers to the credit agreement that governs the Term Loan Facility entered into on the Acquisition Closing Date;
- “Trustee” refers to Wilmington Trust, National Association in its capacity as trustee under the Indenture;
- “Unsecured Opco Notes” refers to LABL’s 10.50% Senior Notes due 2027;
- “U.S.” and “United States” refer to the United States of America;
- “U.S. dollar,” “dollar” and “$” refer to the currency of the United States;
- “W/S Acquisition” refers to the acquisition of W/S Packaging and its consolidated subsidiaries by Holdings in February 2018;

- "W/S Packaging" refers to W/S Packaging Holdings, Inc., a Delaware corporation, prior to the W/S Acquisition; and
- "we," "us," "our," "its," "our business," the "Company" and similar terms refer to the Issuer and its consolidated subsidiaries.

BASIS OF PRESENTATION

All references to years, unless otherwise noted, refer to our fiscal years, which end on December 31.

Certain monetary amounts, percentages and other figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Unless otherwise noted, the historical financial information included in this offering memorandum is derived from the consolidated financial statements of LABL or Multi-Color, as applicable. The Issuer is a holding company and does not have any material operating, investing or financing activities, nor any independent assets or operations other than being a holding company for Holdings, which is a holding company for LABL, and its subsidiaries, and has not had any material financing activities prior to the issuance of the Notes offered hereby. Accordingly, the consolidated financial statements of the Issuer are substantially identical for the periods for which financial information of LABL is presented in this offering memorandum.

The W/S Acquisition was consummated on February 5, 2018. The period from January 1, 2018 through February 5, 2018 is referred to in this offering memorandum as the "Predecessor" period and reflect the results of the operations of W/S Packaging prior to the W/S Acquisition. The periods from February 6, 2018 through June 30, 2018 and July 1, 2018 to December 31, 2018 are referred to in this offering memorandum as the "Successor" periods reflect the results of operations of LABL after the W/S Acquisition. The "Combined" twelve months ended December 31, 2018 reflects the historical results of operations of W/S Packaging for the period from January 1, 2018 through February 5, 2018 and of LABL for the periods of February 6, 2018 to June 30, 2018 and July 1, 2018 to December 31, 2018, which does not comply with GAAP. This data has been calculated by adding the results of operations and cash flow data for the Predecessor period from January 1, 2018 to February 5, 2018 to the results of operations and cash flow data for the Successor periods from February 6, 2018 to June 30, 2018 and from July 1, 2018 to December 31, 2018. Although LABL began operations on the closing date of the W/S Acquisition, transaction expenses related to the W/S Acquisition were incurred during the period from January 1, 2018 to February 5, 2018 and are included in the statement of operations for the combined period ended December 31, 2018.

The Successor consolidated interim financial statements are based on LABL's accounting for the W/S Acquisition, which was accounted for as a business combination using the acquisition method outlined in Accounting Standards Codification ("ASC") 805, Business Combinations ("ASC 805"), reflecting the fair values of the assets acquired and liabilities assumed. As a result of the application of the acquisition method of accounting, Predecessor and Successor periods reflect different bases of accounting, and therefore the periods are not comparable to one another. Predecessor financial statements are based on the historical cost of the assets and liabilities as well as the underlying operations of Predecessor. Successor financial statements are based on the fair value of assets and liabilities of the acquired business of W/S Packaging and its underlying operations.

SUMMARY

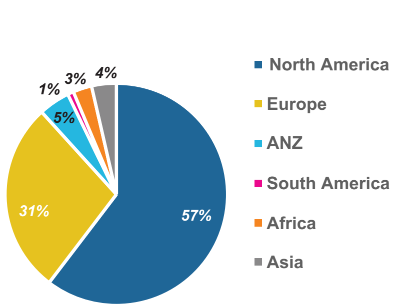
The following summary highlights certain information contained elsewhere in this offering memorandum and is qualified in its entirety by the more detailed information and audited and unaudited consolidated financial statements included elsewhere herein. Because this is a summary, it may not contain all of the information that may be important to you in making a decision to invest in the Notes. Before making an investment decision, you should carefully read the entire offering memorandum, including "Cautionary Statement Regarding Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our audited consolidated financial statements and unaudited condensed consolidated financial statements and the notes thereto and the audited and unaudited consolidated financial statements of Multi-Color and the notes thereto. Unless otherwise indicated, references in this offering memorandum to "we," "us," "our," "its" and the "Company" refer to the Issuer and its consolidated subsidiaries.

Company Overview

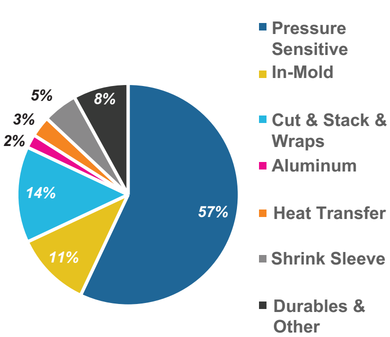
We are a leading global provider of label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. We serve international brand owners in North America, South America, Europe, Africa, Australia, New Zealand and the Asia Pacific region with a comprehensive range of the latest label technologies in Pressure Sensitive, In-Mold, Cut and Stack, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. Our headquarters are in Cincinnati, Ohio.

We believe that we are one of the largest pure-play label solutions providers globally. For the LTM Period, we generated net revenues of $2.1 billion and Pro Forma Adjusted EBITDA of $388 million, inclusive of $65 million of run-rate cost synergies and operational improvements that we expect to realize within 18 months of June 30, 2020. However, we cannot assure you we will be able to achieve these cost synergies and operational improvements by such date or at all. For more information about our anticipated cost synergies and operational improvements, including certain factors that may affect our ability to achieve such cost synergies and operational improvements, see footnote (3) under "—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors—Risks Related to Our Business," "Risk Factors—Risks Related to Our Business—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Risk Factors—Risks Related to Our Business—The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations."

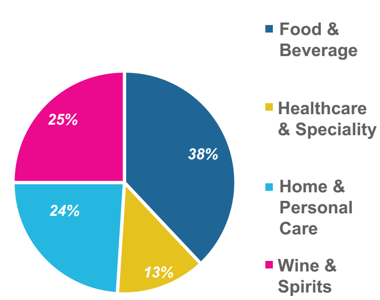
Net Revenues by Geography for the LTM Period



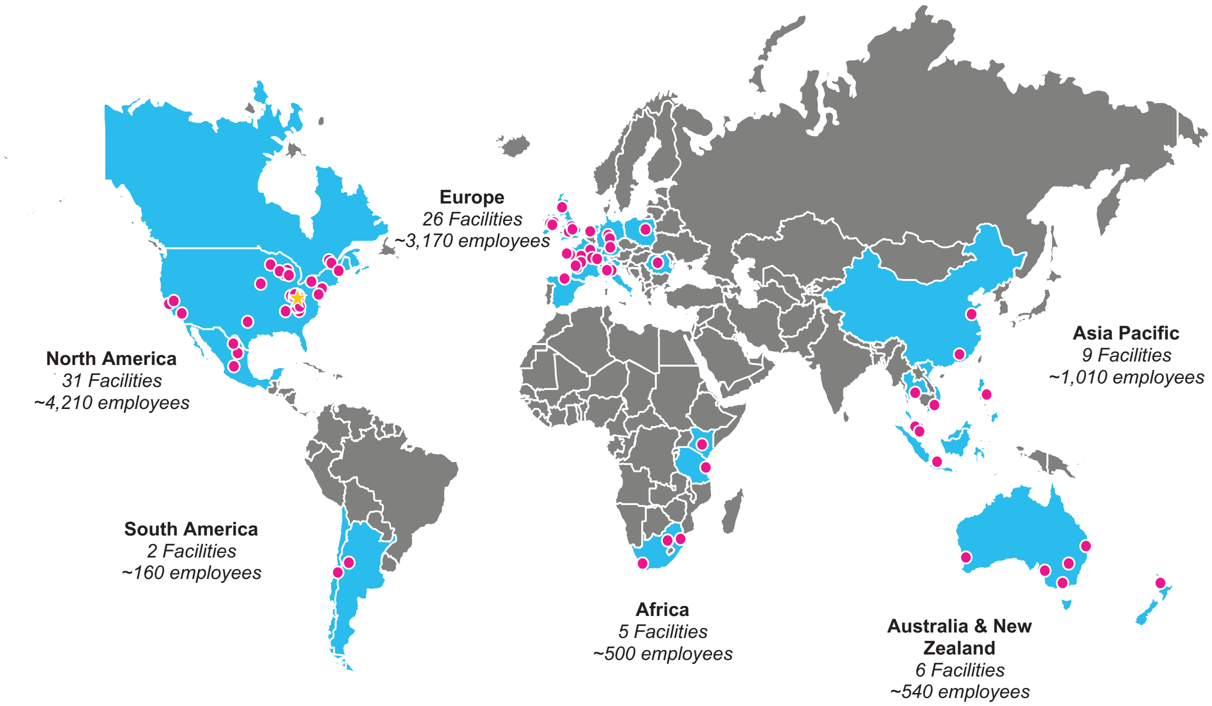
Net Revenues by Technology for the LTM Period



Net Revenues by End Market for the LTM Period



Global Footprint as of August 31, 2020



We manufacture our products in 79 facilities located in 27 countries across North America, South America, Europe, Australia, Africa and Asia. We believe we are a leading label supplier for the majority of our top ten customers and many of our other customers, making us an integral part of our customers' supply chain. We maintain long-term relationships with our customers, including at least 15 years with all of our top ten customers. We believe our customers' end markets are largely recession resilient as they are focused on consumer staple products. As of August 31, 2020, we had over 9,600 employees and served over 13,500 customers globally

We believe we have strong relationships with our major customers principally due to: (i) our reputation for quality and customer service; (ii) a complete line of innovative decorative label solutions; (iii) low-cost, flexible manufacturing capabilities; and (iv) our ability to offer a variety of technical and graphic services to our customers based on their specific needs and requirements. These factors enable us to compete in end markets where customer service, manufacturing flexibility and "one-stop-shop" capabilities are key competitive advantages.

We believe we have one of the broadest portfolios of labeling technologies in the industry, including: Pressure Sensitive, In-Mold, Cut and Stack, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. We believe that our broad label offering is a competitive advantage, allowing us to serve our customers' diverse label needs and grow along with their businesses. Furthermore, we believe we are one of the world's largest producers of high-quality pressure sensitive labels, which are among the most widely used due to their visually attractive and versatile characteristics. We have established a leading market position in the food & beverage, wine & spirits and home & personal care end markets, deriving approximately 87% of our net revenues for the LTM Period from these end markets.

We purchase proprietary products from a number of raw material suppliers. To prevent potential disruptions to our manufacturing facilities, we have developed relationships with more than one supply source for each of our critical raw materials. Our raw material suppliers are major corporations with reliable track records. We also leverage our in-house self-coating capabilities to manage any potential fluctuations in raw material sourcing. Certain of our customer agreements include mechanisms to pass on raw material price changes to customers.

We believe our consistent financial performance throughout economic cycles is attributable to disciplined top line growth, continued focus on margin improvement and the resilient end markets we serve. We have grown net revenues organically and through complementary acquisitions and have an established track record of successfully implementing manufacturing process improvements and integrating the operations we have acquired. We continue to pursue opportunities to increase operational efficiencies, including further implementation of lean manufacturing processes, raw material usage optimization, and other operational initiatives.

Our End Markets

We supply label solutions for our blue-chip customers' most prominent brands in the food & beverage, wine & spirits, home & personal care, and healthcare and specialty consumer products markets.

Food & Beverage (38% of LTM Period net revenues)

Food processors and beverage manufacturers rely heavily on label suppliers to provide colorful, robust, creative labels to attract customer attention, develop and maintain brand equity and help products stand out on crowded store shelves. In the food and beverage markets, we provide all types of product labels utilizing nearly every printing process that we own. Our labels are used for innovative applications that require complex colors, premium graphics (including regulatory and information requirements) and enhanced functionality.

Wine & Spirits (25% of LTM Period net revenues)

Labels are perhaps the most significant way in which wine and spirits producers establish, build and market their products' brand identities. As a result, wine and spirits producers tend to focus on ensuring that label suppliers can deliver excellent quality and design, often with short lead times.

Home & Personal Care (24% of LTM Period net revenues)

Within our home & personal care business, we provide labels for products ranging from shampoo to laundry detergents. Manufacturers of consumer products look to label vendors to create the image appeal and provide powerful support to the branding effort. Labels must provide function to the product as well as push the consumer to interact with the package. We provide graphically and visually seamless labels that combine brand images and regulatory requirements into an attractive package that interests and appeals to consumers.

Healthcare & Specialty (13% of LTM Period net revenues)

In addition to the above-mentioned core end markets, we continue to see growth potential in healthcare and other specialty end markets. We provide innovative labels to specialty markets such as pharmaceutical, automotive, agriculture and promotional items. Our customers in these markets place a premium on labeling solutions which deliver security, durability and versatility. As with every end market we serve, we focus on delivering high-end labels whose shelf appeal is integral to the products' marketing strategy while adhering to relevant regulatory requirements.

Our Product Portfolio

We believe that we are a leader across all major product categories with the ability to sell and deliver globally. Our product portfolio allows us to serve a wide breadth of end markets, driving our value proposition with existing customers and creating opportunities with new customers.

Pressure Sensitive Labels (57% of LTM Period net revenues)

Pressure sensitive labels are multi-layered, self-adhesive labels that differentiate brands and capture consumers' attention with their dynamic look and flexible applications. We offer customers a full line of pressure sensitive label products for a wide variety of applications. The label typically consists of four elements—a substrate, which may include paper, foil or plastic; an adhesive, which may be permanent or removable; a release coating; and a backing material to protect the adhesive against premature contact with other surfaces. Innovative features of this product include promotional neckbands, peel-away coupons, re-sealable labels, see-through window graphics, and holographic foil enhancements.

Pressure sensitive labels are the largest and highest growth category of the overall global label market and provide an extremely versatile, low-cost application that is able to produce sharp, bright colors in a wide variety of applications. We believe we are one of the world's largest producers of high-quality pressure sensitive labels and this market represents a significant growth opportunity for us.

In-Mold Labels (11% of LTM Period net revenues)

The in-mold label ("IML") process applies a label to a plastic container as the container is being formed in the mold cavity. The finished IML product is a finely detailed label that performs consistently well for plastic container manufacturers and adds marketing value and product security in a cost-effective manner for consumer product companies. We offer injection molding, blow molding and thermoforming technologies.

Each component of the IML production process requires a special expertise for success. We believe we are advantaged in the industry in that we manufacture IMLs on rotogravure, flexographic and lithographic printing presses. Technical innovations in this area include the use of peel away IML coupons, scented and holographic labels.

Cut & Stack and Roll-Fed Wrap Labels (14% of LTM Period net revenues)

"Cut & stack" (glue-applied) and roll-fed wrap labels are adhered to containers using an adhesive applied during the labeling process. Available in roll-fed and sheeted formats, the labels are an attractive and cost-effective choice for high volume applications. These labels can be produced on a wide variety of substrates and accommodate a comprehensive range of embellishments including foil stamping, embossing, metallic and unique varnish finishes.

Our innovations within glue-applied labels include peel-away promotional labels, thermochromics, holographic and metalized films. We also offer promotional products such as scratch-off coupons and static-clings.

Shrink Sleeve Labels (5% of LTM Period net revenues)

Shrink sleeve labels are produced in colorful, cutting edge styles and materials. The labels are manufactured as sleeves, slid over glass or plastic bottles and then heated to conform precisely to the contours of the container. This label type is increasingly popular with consumer goods companies such as beverage manufacturers as it allows for product differentiation, as well as having a 360-degree label and tamper resistant features. Demand in other end markets (including the food and personal care markets) continues to grow, broadening the market opportunities for shrink sleeve labels as a whole.

Heat Transfer Labels (3% of LTM Period net revenues)

Heat transfer labels ("HTL") are reverse printed and transferred from a special release liner onto the container using heat and pressure. The labels are a composition of inks and lacquers tailored to the customer's specific needs. These labels are printed and then shipped to blow molders and/or contract decorators who transfer the labels to the containers. Once applied, the labels are permanently adhered to the container.

Therimage is our pioneer heat transfer label technology developed primarily for applications involving plastic containers serving the home & personal care and food & beverage consumer markets. Additionally, our Clear Advantage brand enables us to provide premium graphics on both glass and plastic containers facilitating the highly sought after “no label” look. Our “ink only” and flameless HTL technology have increased our capabilities in this area.

Other (10% of LTM Period net revenues)

We also offer a variety of other labels, complementary products and solutions that help customers address other packaging needs and services. These products include aluminum labels, durables, printed cartons, coupons, instruction sheets and manuals, labeling equipment and Slot-Tickets for the gaming industry, among others. A majority of our customers that purchase our complementary products also purchase labels from us, evidencing the significant cross-sell opportunities of our product offering.

Industry Overview

The global labels market was estimated to be approximately $39.0 billion in 2018 according to Smithers Pira and is expected to grow to approximately $47.5 billion by 2023, at a CAGR of 4.0%. We participate in the prime label segment of the global labels market, which consists of labels that are used specifically to identify products on a store shelf or in a retail environment.

Labels are one of the most important and recognizable components of product identity and are key drivers of consumer preference and loyalty across a wide spectrum of end markets and applications. Labels are also used to convey consumer related information, provide a means of ensuring product integrity and security and also meet regulatory requirements. Recent global growth trends have seen the increasing relevance of emerging markets in Asia, South America, the Middle East, and Africa with many of the world’s largest label suppliers expanding operations through greenfield projects or acquisitions to support the geographic expansion of their global customers and capture additional growth opportunities resulting from increases in disposable income and changes to household consumption dynamics.

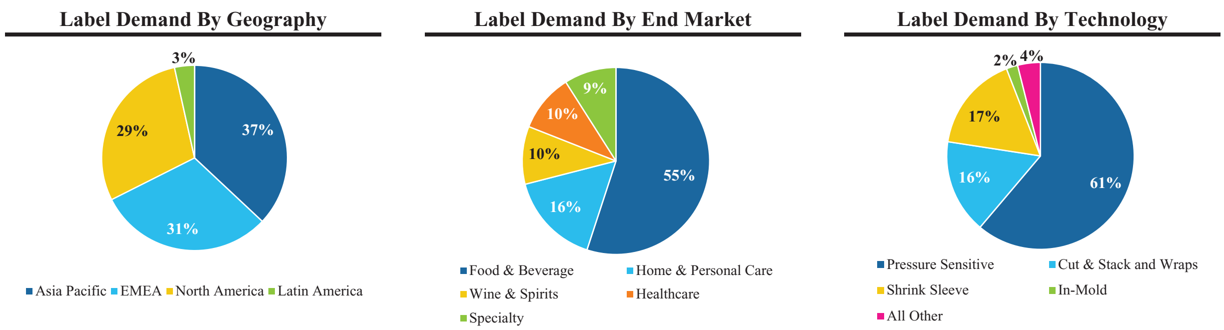
The label is typically one of the least expensive components of a product’s packaging but provides the largest impact to the consumer. Therefore, the label is more likely to be redesigned in a product life cycle before any other component of the packaging. Many consumer product sectors including the end markets in which we participate have multiple label redesigns per year for seasonal and promotional offerings. The growth in label redesigns is driven by increased market demand for customization, brand premiumization, sustainable packaging, and interactive packaging. Each redesign of a label is an opportunity to add value-added embellishments or special finishes to the label at an enhanced margin.

In general, the labels market’s growth is influenced by economic cycles, as well as other factors ranging from socioeconomic, demographic, and lifestyle changes to the development of new materials, improvements in labeling technologies and packaging trends within each of the end markets. However, as consumer and healthcare products represent the vast majority of applications for labels, label demand as a whole tends not to fluctuate as much as demand for discretionary items during periods of economic downturns. As a result, the labels industry has proved to be relatively recession resilient, experiencing steady growth generally in excess of global GDP since 2013, according to Smithers Pira.

The global labels market remains highly fragmented, with single plant manufacturers operating in a local market, or multi-plant manufacturers operating in certain regions, constituting the majority of the industry, with relatively few global label manufacturers. We believe that this highly fragmented market will continue to experience consolidation as suppliers attempt to capture natural competitive advantages provided by increased scale, as well as growing manufacturing platforms in line with the expansion of an increasingly global customer base.

We believe competitive trends over the next 5-10 years are set to focus mostly on technological improvements and industry consolidation. Emerging higher-value technologies such as digital printing and flexographic printing produce a quality product for individual unique labels while supporting reductions in waste and setting up for lower cost and better productivity. Furthermore, the advanced pressure-sensitive labels have become the most common label format, which we expect to benefit our technology mix. Combined with the effects of increasing industry consolidation, we believe that we have a unique opportunity to benefit from these trends as the expanded uses of high-value technologies drive innovation in the label industry and lead to improved margins over time.

Label Industry Breakdown (CY2017)



Source: Smithers Pira (2018) and management estimates.

Competitive Strengths

Differentiated global market leader in a highly fragmented market

We have established a leading position in the highly fragmented global label market and across our respective core segments and geographies. We believe we are one of the largest pure-play label suppliers by net revenue worldwide and we estimate we-have the #1 market share in the global wine & spirits and food & beverage markets, and the #2 market share in the global home & personal care market. For the LTM Period, we derived approximately 87% of our net revenues from these markets. Additionally, we believe we have the #1 market share for the In-Mold label market globally. We are the only supplier able to offer nearly all label technologies (pressure sensitive, in-mold, cut & stack, roll-fed wraps, heat transfer, and shrink sleeve) and have a global reach across 79 locations in 27 countries uniquely positioning us to provide “best-in-class” service and products to customers of all sizes, including larger, more complex multi-national customers.

Our ability to consistently offer the highest quality product to our customers is also a key point of differentiation, supported by our innovative solutions, award-winning product quality, customer service, production capabilities, design experience and broad geographic footprint. Furthermore, our strategic partnerships with key vendors and customers, paired with our industry-leading research & development team and proprietary labeling technologies will allow us to continue to develop innovative solutions to meet our customers’ needs. Our scale and vertically integrated supply chain will also allow us to procure raw materials at meaningfully lower prices than small, independent label converters, which make up the majority of the label industry.

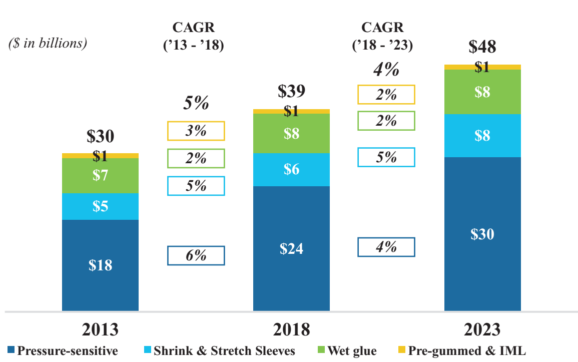
Highly relevant business with attractive industry and end market dynamics

We operate in a large, resilient and growing industry and are focused on leading products in strong end markets. Although labels represent only a small portion of a product's overall cost, they have a high impact by heavily influencing consumers' ultimate purchasing decisions. According to WestRock, 81% of consumers have tried a new product because the label / packaging caught their eye. Furthermore, we believe the industry is a defensive one as label applications are substrate-agnostic (plastic, glass, cans, etc.) and applicable across platforms (online or in-store). In developed markets, labels are increasingly important for differentiating products and conveying product information and disclosures, while rapid urbanization and growth in brick and mortars strengthen the impact of labels in developing markets.

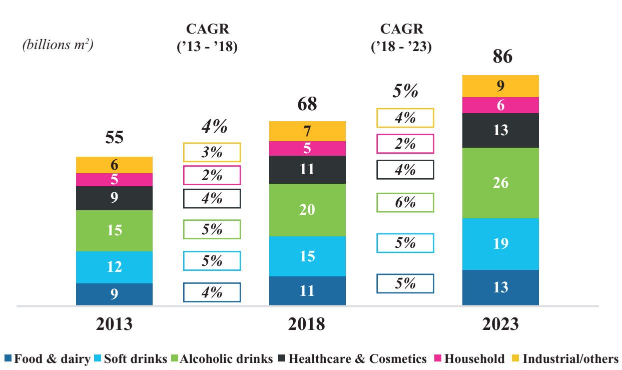
We have robust exposure to fast-growing technologies and end markets, most of which are expected to outpace global GDP from 2018 to 2023, according to Smithers Pira. The pressure sensitive market alone is expected to grow at approximately 4% per annum from 2018 to 2023, with growth driven by a continued transition from cut & stack to pressure sensitive labeling solutions. Recent advances in pressure sensitive have made it one of the most economically attractive labeling solutions, and we expect this widespread adoption to continue.

Our end market exposure is weighted towards growing segments with favorable trends. We are heavily focused on consumer staple end markets, such as food & beverage, wine & spirits and home & personal care, which historically have seen steady growth above GDP. Furthermore, recent trends such as SKU proliferation and increased emphasis on green initiatives and recyclability have driven demand for a wider array of labeling solutions and more frequent version releases, as well as opportunities for us to differentiate with our customers' brands.

Forecasted Global Market Value by Label Technology CAGR (2013-2018 & 2018-2023)



Forecasted Global Label Volume by End Market CAGR by End Market (2013-2018 & 2018-2023)



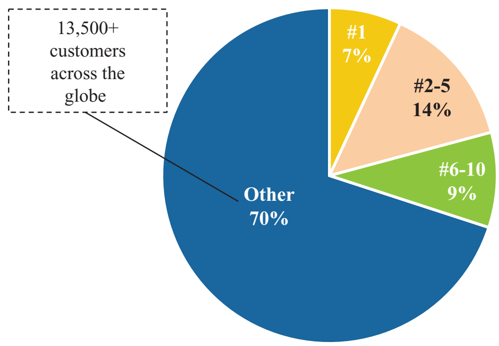
Source: Smithers Pira (2018)

Longstanding and diverse relationships with blue-chip customers

We believe that we are a key link in our customers' supply chains, due to our innovative solutions, award-winning product quality, customer service, production capabilities, design experience and broad geographic footprint. We have a history of fostering customer relationships as we partner in design and marketing processes and upgrade customers' labels with premium technologies. Our service model provides multiple touch points with customers, depending on their needs, from pre-sale through design, production and post-sale support. We have a diverse customer base of over 13,500 global customers, ranging from blue-chip multi-national conglomerates to smaller local accounts that typically require short-run orders.

The strength of our customer relationships are evidenced by the length of relationship we have with our top customers and the overall stability of our book of business with them, as well as our low customer churn. Our contracts with customers are typically on a brand-by-brand basis, with terms averaging two to four years. This contracted position supports steady and predictable net revenues, provided by customers catering to stable and growing end markets. We have a long history of maintaining accounts, with an average relationship of over 28 years with our top 10 customers. Our book of business remains strongly diversified, with our top 10 customers only accountable for 29% of our sales for the LTM Period, and our largest customer only accountable for 7% of our net revenues for the LTM Period. Outside of our top customer, no other accounts represent more than 4% of net revenues for the LTM Period.

Customer Base by Net Revenues for the LTM Period



Hard-to-replicate business model with global footprint and best in class assets

We possess state-of-the-art printing presses and a global footprint across 79 strategically located manufacturing facilities that enables us to effectively service customers of all sizes, ranging from the largest multi-national customers in the world to small local accounts. We believe our approximately 9,600 employees across our facilities provide us with unmatched local presence in key geographic regions across the globe, and the ability to shift products across plants to maximize manufacturing efficiency. Our scaled global platform allows us to remain close to our customers in multiple regions, drive responsive customer service, attain superior lead times and offer increased flexibility and frequent collaboration at the R&D and operational level. We are able to deliver multiple product types to our customers from multiple facilities, and in some instances, we embed employees in our customers' facilities to ensure the highest level of customer support.

We provide a full complement of printing technologies including flexographic, lithographic, rotogravure, combination/screen, plus in-house pre-press services, which we believe differentiates us from our competitors and positions us to serve customers across a wide variety of SKUs. Our recent investments in state-of-the-art printing presses have strengthened our leadership in technology and manufacturing capabilities. In the past five years, we have invested over $450 million in our global footprint, which allows us to differentiate our product capabilities and accommodate our growing sales pipeline. Furthermore, our highly experienced workforce positions us well to utilize our best in class assets to realize higher operational efficiencies by minimizing waste, optimizing printing speeds and workflow, reducing lead times and filling customer orders faster.

Recession-resilient business with a variable cost structure and consistent free cash flow

We believe our exposure to non-discretionary consumer staple end markets, as well as our variable cost structure, has allowed our business to recover quickly through recessionary periods. Our products are primarily sold in end markets such as food, beverage, consumer packaged goods, and pharmaceuticals, which we believe are less tied to discretionary spending than other end markets. For the LTM Period, we derived 87% of our net revenues from the food & beverage, wine & spirits, and home & personal care end markets.

We have a highly variable cost structure that provides meaningful downside protection. Approximately 73% of our costs are variable, which supports our scalable business model. Raw materials represented approximately 45% of our costs for the LTM Period. Pressure sensitive material is our largest raw material cost, followed by adhesives and ink. Our standard contracts with our customers allow us to adjust pricing on existing products based on changes in raw materials, and we believe our scale provides us with meaningful cost advantages over our independent operator competitors, which comprise the vast majority of the market. In addition, successful execution of our business strategy enables us to generate strong and consistent cash flows, which we believe will drive our ability to de-lever. We generated strong free cash flow (defined as Adjusted EBITDA minus capital expenditures) of $259 million for the LTM Period, and we expect that we will continue to demonstrate steady cash flow generation as we continue to execute our business strategy, achieve operational improvements and realize synergies.

Experienced management team within the label industry

Our senior management team has deep expertise across all areas of the labeling space, with an average of over 18 years of industry experience. The management team has a successful track record of achieving profitable growth and successfully integrating acquisitions.

Our team is led by Chief Executive Officer, Nigel Vinecombe, who began working at Multi-Color in 2008, and has previously served as Executive Chairman of the Board, Chief Operating Officer and President of the International Business Unit. From 2000 to February 2008, he served as Group Managing Director of Collotype International Holdings Pty Ltd., a privately held Australian based wine & spirits and consumer products label manufacturer with operations in the United States and South Africa.

Mr. Vinecombe is supported by our Chief Financial Officer, Mrs. Sharon Birkett, who was appointed to the role in 2010. Mrs. Birkett joined Multi-Color as part of the Collotype acquisition in February 2008. At that time, she served as Collotype's Chief Financial Officer, a position she held since joining the company in 2003. Following the acquisition, she was appointed to the position of Vice President Finance, International. In February 2010 she was appointed as Multi-Color's Vice President Corporate Controller. Prior to Collotype, from 1998 to 2003, Ms. Birkett served as Director of Finance of Avery Dennison Materials Pty Ltd, a subsidiary of Avery Dennison Corporation. Prior to Avery Dennison, she held financial management positions with various companies.

Business Strategy

We believe we are one of the largest pure-play label providers in the world, and one of the few labeling platforms with the scale and expertise to serve customers of all sizes, including larger, more complex multi-national customers. By leveraging our scale, purchasing power and available capacity, we expect to have a greater ability to provide a broad array of resources and services to our customers. Furthermore, as a leader across a highly fragmented market, we expect to continue to grow as our customers seek to consolidate their supplier bases and improve their quality and consistency requirements. We believe consolidation within the label market will accelerate as larger competitors look to expand offerings and market share due to the significant benefits of scale.

We believe these market dynamics have created the opportunity for us to increase our market share with small to mid-size customers, leverage our short- and medium-run capabilities bolstered by the operational improvements and synergies we expect to continue to achieve. We expect our ability to add innovative and technically challenging features to our products will further increase, which we expect will in turn enhance our market leadership and value proposition with customers as they increasingly prefer vendors that can serve as a one-stop shop to address all their labeling needs.

We intend to capitalize on our leading market position in the global labels industry to continue to drive profitable growth and maximize our free cash flow generation. We seek to achieve this objective by executing on the following strategies:

Capture organic growth in core business segments

We serve attractive consumer goods end markets in segments exhibiting strong growth trends and where we have sustainable, competitive advantages. We will continue to focus on developing our products and enhancing our customer relationships to drive growth within our core markets.

Food & Beverage

Key trends driving additional growth within the food & beverage market include: a movement from large bulk packaging for products to single-serve and on-the-go “convenience” solutions; a greater emphasis on meeting FDA requirements and nutrition information transparency; an increased weighting towards green initiatives and sustainability and a rise in store-branded products leading to premiumization efforts via packaging. Our technological capabilities and broad product portfolio allow us to develop innovative solutions to meet these changing trends.

Wine & Spirits

Wine and spirits consumption globally has increased over the past decade, providing a number of opportunities for us to take advantage of changing consumer preferences. For example, in the wine market, wine makers are continually looking for greater innovation and premiumization in label design, as well as changing customer dynamics such as the growing single-serve beverage market. Additionally, we are well positioned to take advantage of changing supply chain dynamics, as more wine producers are shipping in bulk to the ultimate bottling destination. As the leading global labels supplier in the wine and spirits segment, our global footprint, leading technological capabilities and broad, high quality product offering allows us to take advantage of these industry trends.

Home & Personal Care

Growth in the home & personal care market has been driven recently by several key trends. Customers continue to seek high quality, differentiated labeling solutions with a higher degree of embellishments. Additionally, increased demand for solutions that provide a 360° graphic appeal has increased the size of labels demanded by customers. Furthermore, continued compression in the product life cycle and a rapid refresh cycle has led to a growing need for new and differentiated labeling solutions. Evolving compliance packaging standards are also leading to more information and changes per label and SKU.

Healthcare & Specialty

Although only a small portion of our business currently, we believe healthcare & specialty is well-positioned to experience growth from further expansion in both developed and developing markets. Key trends in the space are centered on increasing the functionality of labels, with an increased need for security labels that deter theft, counterfeiting and tampering, labeling solutions that can track and trace unique data for users, as well as the ability to provide functional dose control.

Continue to leverage global footprint to better serve our customers and strengthen our market position

We believe that our broad manufacturing footprint across 27 countries together with our complete line of innovative decorative label solutions provide us with an opportunity to align our service model with the needs of our multi-national customer base. We believe our scale and footprint positions us to benefit from the trend of large multi-national companies consolidating their supplier chains by becoming a "one-stop shop" for our customers, with our ability to serve them across multiple geographies with our broad product offering contributing to the potential for above-market growth. Our exceptional on-time delivery rate is driven by our focus and desire to create value for our customers and to strengthen our position with them. We plan to renew our focus on smaller-to-medium sized customers as we believe that our scale and reach, paired with our extensive customer service expertise, will create an opportunity to grow and increase our market share with these customers. In addition, our ability as to efficiently deliver shorter runs relative to our competitors positions us favorably with medium and smaller regional and local customers.

Enhance profitability through identified operational improvement initiatives and synergies

Our management team has a proven track record of identifying and executing operational improvement initiatives and synergies. We have successfully achieved $60 million of cost savings through June 30, 2020 under Platinum ownership and have identified an estimated $65 million of additional potential savings through December 31, 2021. The estimated $65 million is comprised of approximately $36 million of legacy Multi-Color and W/S Packaging synergies and approximately $29 million of operational improvements, including remaining Constantia synergies. These savings are expected to be realized in the following categories: purchasing, productivity improvement, plant improvement, materials, labor, plant & site consolidation and headcount reduction. We plan to continue to improve existing operations through Platinum's expertise and resources, driving discipline and accountability in the organization, and further integrating information technology and systems from prior acquisitions. We cannot assure you we will be able to achieve all of these cost synergies and operational improvements. For more information about our anticipated cost synergies and operational improvements, including certain factors that may affect our ability to achieve such cost synergies and operational improvements, see footnote (3) under "—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors—Risks Related to Our Business," "Risk Factors—Risks Related to Our Business—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Risk Factors—Risks Related to Our Business—The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations."

Selectively pursue strategic acquisitions

While our primary focus is on organic growth, our global presence, scale and broad product offering position us well to execute on opportunistic acquisitions given the large and fragmented nature of the labels market. We believe that we can create significant value through strategic acquisitions given our track record of integration and our focus on maintaining a disciplined acquisition strategy centered on: (i) prudent financial objectives; (ii) expanding our customer base in new and growing end markets and geographies; (iii) bringing facilities closer to large customers in order to better serve their needs and increase responsiveness; (iv) improving our customer offering through access to new products and technological capabilities; and (v) generating significant purchasing and other operational synergies. We believe that we are well positioned to capitalize on numerous opportunities in our acquisition pipeline within the large and highly fragmented label industry.

Continue to drive free cash flow generation

We continually focus on ways to increase our free cash flow through organic growth initiatives and disciplined capital and cost management strategies. We have steady and predictable net revenue supported by diversified contracted positions and a broad blue-chip customer base, allowing us to maintain capital investments, even during recessionary years, to support organic growth. We believe we have significant potential to further increase profitability and free cash flow generation in the future through execution of operational improvements, acquisition integration, and a reasonable, predictable capital expenditure program.

Sustainability

We are committed to being a sustainable partner for our customers with a major focus on the development of sustainable label solutions. In addition, we are focused on sustainable actions in our operations to reduce greenhouse gas (CO_2) emissions, landfill and water usage. We have several strategic partners who we work with to raise sustainability awareness and are committed to a more sustainable future. To execute our sustainability goals, we hired a Director of Sustainability in July 2020.

Innovative Sustainable Label Designs

Our research & development team has worked with the Association of Plastic Recyclers (APR) and our customers to develop innovative solutions for improved recycling capability. We have designed sustainable solutions for all of our label technologies:

Pressure Sensitive Labels: we have developed two different label technologies based on the product. Our pressure sensitive recycLABEL® for PET bottles uses a film face stock and proprietary adhesive, which allows the label to be easily separated from the bottle in the recycling process. Our recycLABEL® is recognized by both the APR and European PET Bottle Platform (EPBP). Our ThermoWash™ for glass bottles uses a filmic pressure-sensitive labeling technology, which can be easily washed off and allows the reuse of the glass bottles.

Shrink Sleeve Labels: we have developed three different recycLABEL® shrink technologies to address different customers' requirements. Our Crystallizable PET label uses a shrink-sleeve film material that is compatible with the PET container resin and the artwork ink is designed to remove completely as a solid particle in a caustic bath. This label meets the APR requirements for reclaimers and is being used in the U.S. Our floatable film shrink-sleeve uses polyolefin films that float in the sink-float separation process and is better suited for recycling in Europe. Our de-seaming technology 'unzips' the seam of the shrink-sleeve during the whole-bottle wash process in the reclaiming environment, which is used for customers in North America where the wet recycling process is common.

Cut-and-Stack Paper Labels: we continue to co-develop with our suppliers cut-and-stack paper labels which have a better amount of recycled content or which are more easily recycled.

Roll-fed Labels: our monolayer roll-fed labels, which have recently been introduced in the US, are more sustainable than the traditional roll-fed labels which are a laminated construction. The primary benefit of the monolayer roll-fed label is the reduction of material usage, but it offers the additional advantage of an increased number of labels on each reel, requiring fewer trucks to ship and reducing the associated carbon footprint. The label also meets the strict requirements for PET bottle recycling.

In-Mold Labels: our interactive in-mold labels contain digital watermarks that not only can provide additional information during the use of the product but also allow for more efficient sorting of recyclable material, which will increase the amount and quality of recycled products. We have been developing this project as part of the Holy Grail Project, as detailed below.

Strategic Partners in Sustainability

Association of Plastic Recyclers (APR), our U.S.-based partner in sustainability, is the national trade association representing companies who acquire, reprocess and sell the output of more than 90% of post-consumer plastic processing capacity in North America. We have been an active member of APR for over 10 years and we are a part of the Technical Committee for Olefins and PET, which helps us understand the current industry standards for recycling. APR has certified our pressure-sensitive and shrink sleeve labels. APR has a critical role in bringing together all of the groups in the supply chain that are critical for recycling success.

Plastic Recyclers Europe (PRE), our sustainability partner in Europe, is an organization representing the voice of European plastics recyclers. Companies joining PRE are all reprocessing plastic waste into high-quality material, destined for the production of new containers. We are a platinum member of PRE's RecyClass, which aims at helping the plastics value chain find the correct ways to approach and evaluate the design for recycling of packaging products. As a member of RecyClass we participate in technical committees.

The Ellen MacArthur Foundation (EMF) partners with businesses, governments and academics to build a framework for an economy that is both restorative and regenerative by design. EMF's key mission is that plastic never becomes waste through their Global Commitment with the following actions: (1) eliminate all problematic and unnecessary plastic items; (2) innovate to ensure that the plastics we do need are reusable, recyclable or compostable and (3) circulate all the plastic items we use to keep them in the economy and out of the environment. We are currently the only label company that has signed EMF's Global Commitment with other members including brand owners, package suppliers and recyclers.

Project Holy Grail, led by Procter & Gamble and facilitated by the EMF, is a pioneering sorting technology to move towards a circular economy. The project uses chemical tracers and digital watermarks to improve post-consumer recycling. This technology can revolutionize the industry's approach to sorting, which would increase efficiencies and lead to high-quality and high-quantity recycled materials. Additional information can be stored in the digital watermark leading to an enhanced experience for the consumer.

Focus on Sustainable Operations

We are not only focused on delivering sustainable products for our customers that can improve recyclability but are also committed to improving the sustainability of our operations. In 2017, we set five-year goals to reduce our greenhouse gas (CO_2) emissions, landfill usage and water consumption. We are pleased to have already met these goals as we have: (1) reduced our CO_2 emissions by approximately 160% from 180 metric tons / month / million square miles in 2017 to 69 metric tons / month / million square miles in 2019; (2) reduced our landfill usage by nearly 200% from 32 metric tons / month / million square miles in 2017 to 11 metric tons / month / million square miles; and (3) reduced our water consumptions by approximately 50% from 206 cubic meters / month / million square miles in 2017 to 139 cubic meters / month / million square miles in 2019. We achieved these improvements by taking actions such as reusing the glassine liners make writing pads, incinerating waste matrix rolls to create energy rather than dumping into a landfill and using waterless urinals to save water. We have instituted KPI's in all of our facilities globally to track our performance on energy, water, sewer waste, recycling and landfill and are committed to continued improvement in these domains.

Recent Developments

COVID-19 Pandemic

The global COVID-19 pandemic has had a material impact on economic activity across the globe. As one of the largest pure play global suppliers of labels for consumer staple products, we have been deemed an essential business. All of our facilities are currently open and operating with certain plants experiencing recent surges in customer demand, particularly in home and personal care, owing to high demand for products such as hand sanitizer, detergents and disinfectants. Other customers, including some beer producers in Europe and Africa, smaller wineries globally and distilleries in the U.K., have been experiencing lower demand driven by closures and other restrictions of restaurants and bars. We estimate that the COVID-19 pandemic has resulted in net decreases in Adjusted EBITDA, primarily associated with lost revenues, of $1.5 million, $13.8 million and $4.2 million in the three-month periods ended March 31, 2020, June 30, 2020 and September 30, 2020, respectively.

The health and safety of our global workforce continues to be our top priority. Our health, safety and risk mitigation procedures comply with and continuously adapt to evolving COVID-19 prevention and containment guidance from the World Health Organization, the Centers for Disease Control and other public health and government officials globally. With these procedures in place, our business continuity has been maintained and customer requirements have been fulfilled with little or no interruption.

Despite the impact associated with COVID-19, we have been able to grow EBITDA and generate positive free cash flow driven by execution of operational improvement initiatives during this period. Excluding the impacts of COVID-19, foreign currency and a one-time $18 million benefit related to customer contracts accounted for on an over time basis under ASC 606 as of the date of the Acquisition, net revenues grew by approximately 3% in the six months ended September 30, 2020 (based on our preliminary estimated results described below) compared to the prior year period.

Preliminary Estimated Results of Operations for the Quarter Ended September 30, 2020

Based upon currently available information, we estimate that for the three months ended September 30, 2020, our net revenues will be in the range of $535 to $545 million, which represents an increase in the range of 0 to 2% over net revenues for the three months ended September 30, 2019, excluding the impact of a one-time $18 million benefit related to customer contracts accounted for on an over time basis under ASC 606 as of the date of the Acquisition. Organic growth was driven by strong sales in consumer product markets primarily in the U.S. and Global IML. We estimate Adjusted EBITDA for the three months ended September 30, 2020 will be in the range of $97 million to $103 million, representing an Adjusted EBITDA margin of 18.0% to 19.0%. The estimates for Adjusted EBITDA reflect a growth rate of 14% to 21% and an increase in margins of 250 to 350 basis points over the three months ended September 30, 2019. The increase in Adjusted EBITDA was driven by continued cost improvement initiatives. Additionally, we estimate our liquidity as of September 30, 2020 will be approximately $300 million, calculated as cash & cash equivalents of approximately $79 million plus availability under our ABL Credit Facility of approximately $221 million.

As of September 30, 2020, we estimate that we have fully implemented operational improvements that will result in annual savings of approximately $115 million, of which we have realized approximately $80 million to date. Our estimated realized savings consist of approximately $36 million related to legacy Multi-Color and W/S Packaging synergies and approximately $44 million of operational improvements, including remaining Constantia synergies. We expect to realize approximately $35 million of savings from actions already implemented, consisting of savings across the following categories: continuous improvement, procurement, pricing, plant consolidation and selling, general and administrative and other. In addition, we have identified an estimated $17 million of additional initiatives, including approximately $7 million that are in the late stages of implementation and approximately $10 million which have yet to be implemented. In total we expect to realize up to approximately $52 million of additional savings by March 31, 2022, of which approximately $23 million is related to legacy Multi-Color and W/S Packaging synergies and approximately $29 million is related to operational improvements, including remaining Constantia synergies. We estimate that we have incurred approximately $45 million of one-time costs since the Acquisition in order to implement these initiatives. We have also identified additional projects that we expect could generate incremental savings in 2022 and beyond. However, we cannot assure you we will be able to realize such unrealized savings by the dates described above or at all. For more information about our anticipated cost synergies and operational improvements, including certain factors that may affect our ability to realize such savings, see footnote (3) under "Summary—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors—Risks Related to Our Business," "Risk Factors—Risks Related to Our Business—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Risk Factors—Risks Related to Our Business—The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations."

Estimates of results are inherently uncertain and subject to change, and we undertake no obligation to update this information. Management has prepared the preliminary estimates presented above in good faith on a consistent basis with prior periods. However, we have not completed our financial closing procedures for the three months ended September 30, 2020 and our actual results could be materially different from our estimates. The preliminary estimated results of operations for the three months ended September 30, 2020 included in this offering memorandum have been prepared by, and are the responsibility of, management. Ernst & Young LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial results. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect thereto. During the course of the preparation of our unaudited condensed consolidated financial statements and related notes as of and for the three and nine months ended September 30, 2020, we or our auditors may identify items that would require us to make material adjustments to the preliminary estimates presented above. These estimates should not be viewed as a substitute for full financial statements prepared in accordance with GAAP.

In light of the foregoing, prospective purchasers of the Notes are cautioned not to place undue reliance on the estimates. Our preliminary financial results should be read in conjunction with "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and unaudited condensed consolidated financial statements and the accompanying notes included elsewhere in this offering memorandum. For a discussion of our calculation of Adjusted EBITDA, see "Use of Non-GAAP Financial Measures" and footnote (3) under "Summary Historical Consolidated Financial Information and Other Data."

The Acquisition

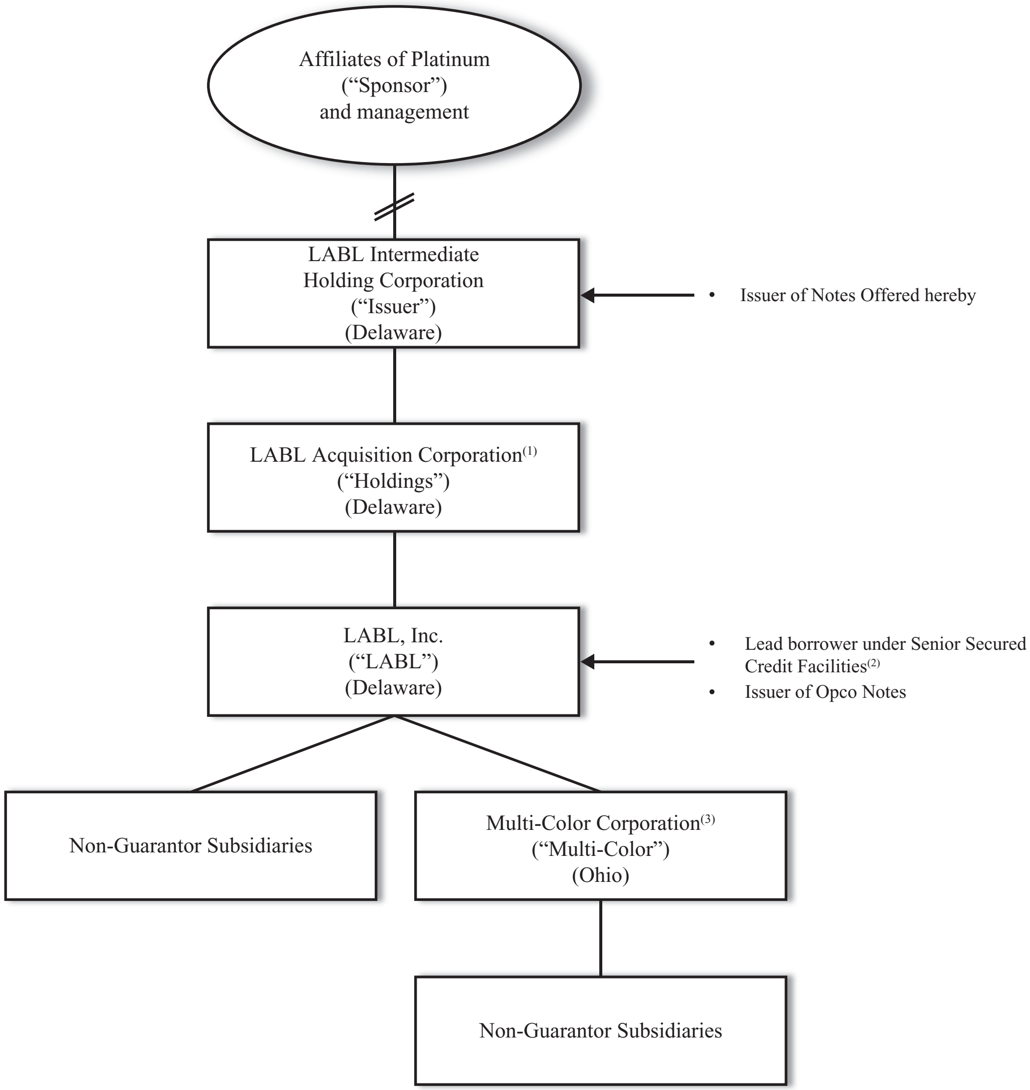
On July 1, 2019, LABL acquired all of the issued and outstanding capital stock of Multi-Color. The purchase price for the Acquisition was financed through:

- borrowings under our Senior Secured Credit Facilities;
- proceeds of the Opco Notes;
- the investment by the Sponsor in the stock of an indirect parent of LABL for approximately $669 million of cash and contributed equity consideration, which, through a series of transactions, was ultimately contributed to LABL as common equity; and
- cash on hand.

The Acquisition was accounted for as a business combination in accordance with ASC 805, which established a new basis of accounting for all identifiable assets acquired and liabilities assumed at fair value as of the date control is obtained. Under the acquisition method of accounting, the purchase price was allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market value, with any excess purchase price allocated to goodwill. Preliminary estimates of the fair values were assigned to the assets acquired and the liabilities assumed based on information that was available as of the Acquisition Closing Date, and following the Acquisition Closing Date, the estimated fair values of assets acquired and liabilities assumed were refined to reflect changes in estimates, underlying inputs, and assumptions used in the preliminary valuations. Management concluded the measurement process on June 30, 2020.

Corporate Structure

The following chart summarizes our corporate structure and principal indebtedness after giving effect to the issuance of the Notes offered hereby. This chart is provided for illustrative purposes only and does not represent all legal entities affiliated with, or all obligations of, the Issuer:



(1) Holdings is a guarantor of our Senior Secured Credit Facilities and Secured Opco Notes but will not guarantee the Notes offered hereby.

(2) As of June 30, 2020, our Senior Secured Credit Facilities consist of (i) the Term Loan Facility consisting of (a) a U.S. dollar tranche in an aggregate principal amount of $635.2 million and (b) a Euro-denominated tranche in an aggregate principal amount equal to the Euro-equivalent of $561.8 million and (ii) the ABL Credit Facility with unused commitments available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding). See “Description of Other Indebtedness.”

(3) Multi-Color is a guarantor of our Senior Secured Credit Facilities and Opco Notes but will not guarantee the Notes offered hereby.

Company Information

The Issuer is a corporation formed under the laws of the state of Delaware. Our principal executive offices are located at 4053 Clough Woods Dr., Batavia, Ohio 45103, our telephone number is (513) 381-1480 and our website is www.mcclabel.com. Information on, or accessible through, such website is not part of this offering memorandum, nor is such content incorporated by reference herein. You should rely only on the information contained in this offering memorandum when making a decision as to whether to invest in the Notes.

Our Sponsor

Founded in 1995 by Tom Gores, Platinum is a global investment firm with approximately $23 billion of assets under management and a portfolio of approximately 40 operating companies that serve customers around the world. The firm is currently investing from Platinum Equity Capital Partners V, a $10 billion global buyout fund, and Platinum Equity Small Cap Fund, a $1.5 billion buyout fund focused on investment opportunities in the lower middle market. Platinum specializes in mergers, acquisitions and operations—a trademarked strategy it calls M&A&O®—acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 25 years, Platinum has completed more than 250 acquisitions.

The Offering

The Notes will be governed by the Indenture. The following summary contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the sections entitled "Description of Notes" in this offering memorandum. In this summary, the terms "we," "us" and "our" each refer to the Issuer, and not to any of its subsidiaries. Certain descriptions in this offering memorandum of provisions of the Indenture are summaries of such provisions and are qualified herein by reference to the Indenture.

Issuer	LABL Intermediate Holding Corporation.
Notes Offered	\$500,000,000 aggregate principal amount of %/ % Senior PIK Toggle Notes due 2025.
Maturity Date	, 2025.
Interest Payments	For each interest period, the Issuer will be entitled to elect to accrue and pay all or a portion of the interest as PIK Interest, with any remaining interest paid entirely as Cash Interest subject to adjustment based on a liquidity threshold. Cash Interest will accrue on the Notes at a rate *per annum* equal to %. PIK Interest will accrue on the Notes at a rate *per annum* equal to %, which is the Cash Interest rate plus 75 basis points. Following an increase in the principal amount of the outstanding Notes as a result of an accrual and payment of PIK Interest, the Notes will accrue interest on such increased principal amount from and after the date of such payment of PIK Interest. See "Description of Notes—Principal, Maturity and Interest."
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on and of each year, commencing , 2021. Interest on the Notes will accrue from and including , 2020.
Guarantees	The Notes will not be guaranteed by any subsidiary or parent entity of the Issuer on the issue date, and will only be guaranteed in the future under certain limited circumstances. See "Description of Notes—Certain Covenants—Future Guarantees."
Ranking	The Notes will be general, senior unsecured obligations of the Issuer, and will: • rank contractually senior in right of payment to all of the Issuer's subordinated indebtedness; • without giving effect to collateral arrangements, rank *pari passu* in right of payment with any of the Issuer's future senior indebtedness and other obligations that are not, by their terms, expressly subordinated in right of payment; • be effectively subordinated to any future secured indebtedness of the Issuer to the extent of the value of the assets securing such indebtedness; and

- be structurally subordinated to the liabilities of the Issuer's current and future subsidiaries that do not guarantee the Notes, including the obligations under our Senior Secured Credit Facilities and the Opco Notes.

As of June 30, 2020, on an as adjusted basis after giving effect to the issuance of the Notes offered hereby:

- the Issuer would have had $500.0 million of total indebtedness, consisting solely of the Notes offered hereby;

- LABL would have had total indebtedness of $2,684.9 million (without giving effect to unamortized discounts and deferred financing costs), which represents borrowings under the Term Loan Facility, the issuance of the Opco Notes and $32.9 million of finance leases and certain other indebtedness, to which the Notes would have been structurally subordinated; and

- we would have had unused commitments under the ABL Credit Facility available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding).

See "Risk Factors—Risks Related to the Notes and Our Indebtedness—The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries that do not guarantee the Notes."

The Issuer is an indirect holding company of LABL. The operations of the Issuer are conducted through its subsidiaries and, therefore, the Issuer depends on the cash flow of its subsidiaries to meet its obligations, including its obligations under the Notes. On an as adjusted basis, after giving effect to the issuance of the Notes offered hereby and the application of the net proceeds therefrom, the Issuer's subsidiaries accounted for approximately 100% of its total revenue for the LTM Period, and held approximately 100% of its total assets and approximately 100% of its total liabilities (other than the Notes offered hereby) as of June 30, 2020.

Optional Redemption . . . . The Notes will be redeemable at the Issuer's option, in whole or in part, at any time on or after , 2021, at the redemption prices set forth in this offering memorandum, together with accrued and unpaid interest, if any, to, but excluding, the date of redemption.

At any time on or after , 2021, all or a specific portion of the Notes may be redeemed in connection with an initial public offering or merger with a publicly traded company at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time on or after , 2021, all (but not less than all) of the Notes then outstanding may be redeemed in connection with a company sale transaction at the redemption prices set forth in this offering

	memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
	At any time prior to , 2021, the Issuer may redeem some or all of the Notes at a price equal to 100% of the principal amount of the of Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus the "make-whole premium" applicable to the Notes.
	At any time prior to , 2021, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes using the proceeds of certain equity offerings at a redemption price equal to % of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
	In connection with any offer to purchase the Notes (including a change of control offer and any tender offer), if holders of no less than 90% of the aggregate principal amount of the Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder.
	See "Description of Notes—Optional Redemption."
Change of Control Offer	Upon the occurrence of specific kinds of change in control, subject to certain exceptions, you will have the right, as holders of the Notes, to cause the Issuer to repurchase some or all of your Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See "Description of Notes—Repurchase at the Option of Holders—Change of Control." The Issuer may not be able to pay you the required price for Notes you present to it at the time of a change of control because: • the Issuer may not have enough funds at that time; or • the terms of our Term Loan Facility, ABL Credit Facility, Opco Notes or other debt facilities may prevent the Issuer's subsidiaries from providing the funds necessary to make such payment to the Issuer.
	See "Risk Factors—Risks Related to the Notes and Our Indebtedness—We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sale offer."
Asset Sale Offer	If the Issuer or any of its restricted subsidiaries sell assets, under certain circumstances, the Issuer will be required to use the net proceeds to make an offer to purchase the Notes at an offer price in cash in an amount equal to 100% of the principal amount of the Notes repurchased plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."

Covenants	The Issuer will issue the Notes under the Indenture. The Indenture will, among other things, limit the ability of the Issuer and its restricted subsidiaries to: • incur additional indebtedness and guarantee indebtedness; • pay dividends or make other distributions in respect of, or repurchase or redeem, its capital stock; • prepay, redeem or repurchase certain debt; • issue certain preferred stock or similar equity securities; • make loans and investments; • sell assets; • incur liens; • enter into agreements containing prohibitions affecting its subsidiaries' ability to pay dividends; • enter into transactions with affiliates; and • consolidate, merge or sell all or substantially all of its assets. These covenants will be subject to a number of important exceptions and qualifications. For more details, see "Description of Notes—Certain Covenants." Certain covenants will cease to apply to the Notes if, and for so long as, the Notes have investment grade ratings from certain rating agencies and there is no default or event of default under the Indenture. See "Description of Notes—Certain Covenants—Changes in Covenants When Notes Rated Investment Grade."
Transfer Restrictions	The Issuer has not registered the Notes under the Securities Act, and the Notes are subject to restrictions on transferability and resale. The Issuer does not intend to issue registered notes under the Securities Act or any state or other securities laws in exchange for the Notes to be privately placed in this offering, and the absence of registration rights may adversely impact the transferability of the Notes. For more information, see "Transfer Restrictions."
Absence of Public Market for the Notes	The Notes will be a new issue of securities and there is currently no established trading market for the Notes. We do not intend to apply for a listing of the Notes on any securities exchange or an automated dealer quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes.

	The initial purchasers have advised the Issuer that they currently intend to make a market in the Notes. However, they are not obligated to do so, and any market making with respect to the Notes may be discontinued without notice.
Original Issue Discount	Because no portion of the stated interest on the Notes is unconditionally payable in cash at least annually, no stated interest payments on the Notes will be treated as qualified stated interest for U.S. federal income tax purposes. As a result, the Notes will be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes. The Notes will have additional OID to the extent that their issue price is less than their stated principal amount. Holders subject to U.S. federal income taxation will generally be required to include OID in income (as ordinary income) as it accrues (on a constant yield to maturity basis) in advance of the receipt of cash payment to which the OID is attributable and regardless of such holders' regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."
Form and Denomination	The Notes will be issued in registered form in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof; provided that, following the payment of PIK Interest, such minimum denominations shall be $1.00 and any integral multiple of $1.00 in excess thereof. PIK Interest in the form of new notes will be issued in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof.
Use of Proceeds	We intend for the proceeds from this offering to be used to pay a dividend to the Issuer's shareholders and to pay certain fees, commissions and related expenses. See "Use of Proceeds."
Trustee	Wilmington Trust, National Association.
Risk Factors	Investing in the Notes involves substantial risks. You should carefully consider all of the information in this offering memorandum. In particular, for a discussion of some specific factors that you should consider before buying the Notes, see "Risk Factors."

Summary Historical Consolidated Financial Information and Other Data

The following table sets forth our summary historical consolidated financial and other operating data for the periods and dates indicated, which you should read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and notes thereto and the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this offering memorandum. This offering memorandum includes historical consolidated financial statements and certain financial data of LABL and Multi-Color, each an indirect subsidiary of the Issuer, and their respective consolidated subsidiaries, in lieu of consolidated financial statements and financial data for the Issuer. The Issuer is a holding company and does not have any material operating, investing or financing activities, nor any independent assets or operations other than being a holding company for LABL and its subsidiaries and has not had any material financing activities prior to the issuance of the Notes offered hereby. Accordingly, the consolidated financial statements of the Issuer are substantially identical for the periods for which financial information of LABL is presented in this offering memorandum.

The consolidated balance sheet data of LABL as of December 31, 2019 and 2018 (Successor) and the consolidated statements of operations and cash flow data of LABL for the twelve months ended December 31, 2019 and 2018 have been derived from the audited consolidated balance sheet of LABL included elsewhere in this offering memorandum. The balance sheet data of LABL as of June 30, 2020 and the condensed consolidated statements of operations and cash flow data of LABL for the six months ended June 30, 2020 and 2019 have been derived from the unaudited condensed consolidated financial statements of LABL as of and for the six months ended June 30, 2020 included elsewhere in this offering memorandum.

The balance sheet data of Multi-Color as of December 31, 2018 have been derived from the unaudited consolidated financial statements of Multi-Color not included in this offering memorandum. The statements of operations data of Multi-Color for the twelve-months ended December 31, 2018 have been calculated by subtracting the unaudited statements of operations data of Multi-Color for the nine months ended December 31, 2017 from the audited statements of operations data of Multi-Color for the year ended March 31, 2018 and then adding the unaudited statements of operations data of Multi-Color for the nine months ended December 31, 2018. The balance sheet data of Multi-Color as of June 30, 2019 and the statements of operations data of Multi-Color for the six months ended June 30, 2019 have been derived from the unaudited consolidated financial statements of Multi-Color for the six months ended June 30, 2019 included elsewhere in this offering memorandum.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the information set forth herein. Interim financial results are not necessarily indicative of results for the full year or any future reporting period. Where noted certain items from LABL's audited consolidated financial statements and unaudited condensed consolidated financial statements included elsewhere in this offering memorandum have been combined for ease of reference in the summary historical consolidated financial information set forth below.

We have presented the consolidated statements of operations and statement of cash flows data for the twelve months ended December 31, 2018 on a combined basis, which does not comply with GAAP. This data has been calculated by adding the results of operations and cash flow data for the Predecessor period from January 1, 2018 to February 5, 2018 to the results of operations and cash flow data for the Successor periods from February 6, 2018 to June 30, 2018 and from July 1, 2018 to December 31, 2018. Although LABL began operations on the closing date of the W/S Acquisition, transaction expenses related to the W/S Acquisition were incurred during the period from January 1, 2018 to February 5, 2018 and are included in the statement of operations for the twelve months ended December 31, 2018.

The Successor consolidated interim financial statements are based on LABL's accounting for the W/S Acquisition, which was accounted for as a business combination using the acquisition method outlined in ASC 805, reflecting the fair values of the assets acquired and liabilities assumed. See "Basis of Presentation."

We have also presented summary unaudited condensed consolidated financial data for the twelve-month period ended June 30, 2020 (referred to as the LTM Period), which does not comply with GAAP. This data has been calculated by adding the unaudited condensed consolidated statements of operations and cash flow data of LABL for the six months ended June 30, 2020 to the audited consolidated statements of operations and cash flow data of LABL for the twelve months ended December 31, 2019 and then subtracting the unaudited condensed consolidated statements of operations and cash flow data of LABL for the six months ended June 30, 2019.

The historical results presented below are not necessarily indicative of what our financial position, results of operations and cash flows may be in the future. This information is only a summary and should be read in conjunction with "Basis of Presentation," "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and unaudited condensed consolidated financial statements and the accompanying notes appearing elsewhere in this offering memorandum, as well as the other financial information included in this offering memorandum.

	Multi-Color	LABL		Multi-Color	LABL		
	Twelve months ended December 31,	Twelve months ended December 31,	Twelve months ended December 31,	Six months ended June 30,	Six months ended June 30,		LTM Period
($ in thousands)	2018	2018	2019	2019	2019	2020	
Statements of operations data:							
Net revenues	$1,737,787	$431,366	$1,261,519	$874,515	$212,661	$1,034,478	$2,083,336
Cost of revenues	1,409,544	354,025	1,063,743	712,459	172,874	849,047	1,739,916
Gross profit	$ 328,243	$ 77,341	$ 197,776	$162,056	$ 39,787	$ 185,431	$ 343,420
Selling, general and administrative expenses	146,534	68,413	150,394	81,148	32,957	86,130	203,752
Facility closure expenses	730	1,927	2,131	632	72	5,861	7,920
Goodwill impairment	—	—	—	99,155	—	—	—
Transaction and integration costs	11,333	24,306	65,141	533	9,833	12,998	68,186
Impairment loss on intangible assets	—	—	28,000	—	—	—	28,000
Operating income (loss)	$ 169,646	$ (17,305)	$ (47,890)	$ (19,412)	$ (3,075)	$ 80,442	$ 35,562
Interest expense	$ 76,260	$ 21,905	$ 139,039	$ 36,972	$ 13,383	$ 100,772	$ 226,428
Loss on extinguishment of debt	—	—	34,366	—	—	—	34,366
Other expense (income), net	2,022	126	(9,556)	(64)	(326)	1,431	(7,863)
Income (loss) before income taxes	$ 91,364	$ (39,336)	$ (211,739)	$ (56,320)	$ (16,132)	$ (21,761)	$ (217,369)
Income tax expense (benefit)	15,938	(8,411)	(54,076)	7,987	(2,528)	8,219	(43,328)

($ in thousands)	Multi-Color Twelve months ended December 31, 2018	LABL Twelve months ended December 31, 2018	LABL Twelve months ended December 31, 2019	Multi-Color Six months ended June 30, 2019	LABL Six months ended June 30, 2019	LABL Six months ended June 30, 2020	LABL LTM Period
Net income (loss)	$ 75,426	$ (30,925)	$ (157,663)	$ (64,307)	$(13,604)	$ (29,980)	$ (174,041)
Less: Net income attributable to non-controlling interests	123	338	1,179	323	324	531	1,386
Net income (loss) attributable to LABL or Multi-Color, as applicable	$ 75,303	$ (31,263)	$ (158,842)	$ (64,630)	$(13,928)	$ (30,511)	$ (175,427)
Balance sheet data (at end of period):							
Cash and cash equivalents	$ 51,750	$ 19,499	$ 80,178	$ 48,619		$ 122,490	
Total assets	$2,737,785	$ 489,013	$ 3,580,540	$2,651,739		$3,716,733	
Total indebtedness(1)	$1,543,419	$ 255,532	$ 2,539,047	$1,541,460		$2,605,251	
Total liabilities	$2,012,998	$ 389,562	$ 3,183,353	$1,999,352		$3,383,001	
Total stockholder's equity	$ 724,787	$ 99,451	$ 397,187	$ 652,387		$ 333,732	
Cash flows data:							
Net cash provided by (used in):							
Operating activities	$ 142,159	$ 35,362	$ 6,929	$ 39,977	$ 3,057	$ 45,163	$ 49,035
Investing activities	(71,689)	(379,149)	(1,702,918)	(35,642)	(4,820)	(40,096)	(1,738,194)
Financing activities	(93,637)	360,702	1,757,271	(7,342)	(524)	39,088	1,796,883
Capital expenditures(2)	(84,252)	(14,647)	(35,907)	(36,140)	(4,920)	(33,466)	(64,453)
Other financial and operating data:							
EBITDA(3)	$ 271,431	$ 11,734	$ 53,788	$ 33,533	$ 10,607	$ 151,317	$ 194,498
Adjusted EBITDA(3)	$ 291,945	$ 51,355	$ 172,040	$ 144,689	$ 24,185	$ 175,619	$ 323,474
Pro Forma Adjusted EBITDA(3)							$ 388,474
Pro Forma Adjusted EBITDA margin(4)							18.6%
Ratio of pro forma net total indebtedness to Pro Forma Adjusted EBITDA(5)							7.9x

(1) Total indebtedness is presented net of unamortized discounts and deferred financing costs.

(2) Represents cash used in "Capital expenditures" as reflected in our audited consolidated and unaudited condensed consolidated consolidated statements of cash flows.

(3) EBITDA means net income (loss) before interest expense, net, income taxes, depreciation and amortization and impairment loss on intangible assets. "Adjusted EBITDA" means EBITDA adjusted for acquisition and integration expenses, facility closure expenses, incentive normalization, severance, retention & employee payments, provision for customer bankruptcy, plant start-up costs, sponsor and advisory fees, revenue recognition normalization, impact of purchase accounting on inventory, duplicative audit fees, right sizing

of plants, value of contingent consideration adjustment, policy harmonization, stock-based compensation, normalization adjustments, goodwill write-off and other non-recurring, non-cash or unusual cash costs and other non-recurring income and expense items. Pro Forma Adjusted EBITDA means Adjusted EBITDA, further adjusted to give effect to the pro forma impact of cost savings actions that have been implemented or are expected to be implemented within 18 months of the applicable measurement date. We believe EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA give investors meaningful information to help them understand our operating results and to analyze our financial and business trends on a period-to-period basis.

EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA and the related ratio data are not calculated or presented in accordance with GAAP and other companies in our industry may calculate EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA differently than we do. As a result, these financial measures have limitations as analytical and comparative tools and you should not consider these items in isolation, or as a substitute for analysis of our results as reported under GAAP. EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. In calculating these financial measures, we make certain adjustments that are based on assumptions and estimates that may prove to have been inaccurate. In addition, in evaluating these financial measures, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation. Our presentation of EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. For additional information regarding EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA and our use and presentation of those measures and the related risks, see "Use of Non-GAAP Financial Measures."

The following table reconciles consolidated net income (loss) to EBITDA, Adjusted EBITDA and Pro Forma Adjusted EBITDA for the periods presented:

($ in thousands)	Multi-Color	LABL		Multi-Color	LABL		
	Twelve months ended December 31,	Twelve months ended December 31,	Twelve months ended December 31,	Six months ended June 30,	Six months ended June 30,		LTM Period
	2018	2018	2019	2019	2019	2020	
Net income (loss)	$ 75,426	$(30,925)	$(157,663)	$(64,307)	$(13,604)	$ (29,980)	$(174,039)
Interest expense, net	75,950	21,813	139,876	36,643	13,355	100,614	227,135
Income tax expense (benefit)	15,938	(8,411)	(54,076)	7,987	(2,528)	8,219	(43,329)
Depreciation, amortization and impairment	104,117	29,257	125,651	53,210	13,384	72,464	184,731
EBITDA	$271,431	$ 11,734	$ 53,788	$ 33,533	$ 10,607	$151,317	$ 194,498
Acquisition and integration expenses[(a)]	11,333	24,911	91,679	8,804	10,151	8,504	90,032
Facility closure expenses[(b)]	730	1,848	2,100	632	72	5,861	7,889
Incentive normalization[(c)]	(1,239)	—	55	(16)	—	357	412

($ in thousands)	Multi-Color Twelve months ended December 31, 2018	LABL Twelve months ended December 31, 2018	LABL Twelve months ended December 31, 2019	Multi-Color Six months ended June 30, 2019	LABL Six months ended June 30, 2019	LABL Six months ended June 30, 2020	LABL LTM Period
Severance, retention & employee payments[(d)]	—	—	7,542	—	—	2,178	9,720
Provision for customer bankruptcy[(e)]	—	—	2,496	—	—	—	2,496
Plant start-up costs[(f)]	1,469	—	167	455	—	—	167
Sponsor and advisory fees[(g)]	—	5,226	5,049	—	2,546	2,517	5,020
Revenue recognition normalization[(h)]	—	542	(2,169)	—	—	—	(2,169)
Impact of purchase accounting on inventory[(i)]	—	—	14,974	—	—	—	14,974
Duplicative audit fees[(j)]	—	—	1,832	—	—	—	1,832
Right-sizing of plants[(k)]	—	—	1,107	—	—	1,188	2,295
Value of contingent consideration adjustment[(l)]	—	—	(9,718)	—	—	—	(9,718)
Policy harmonization[(m)]	—	—	1,915	—	—	—	1,915
Stock-based compensation[(n)]	3,353	—	—	903	—	—	—
Normalization adjustments[(o)]	—	2,380	405	—	405	—	—
Goodwill write-off[(p)]	—	—	—	99,155	—	—	—
Other adjustments[(q)]	4,868	4,714	818	1,223	404	3,697	4,111
Adjusted EBITDA	$291,945	$51,355	172,040	144,689	24,185	175,619	323,474
Operational initiatives[(r)]							65,000
Pro Forma Adjusted EBITDA							$388,474

($ in thousands)	Multi-Color Three months ended March 31, 2019(A)	Multi-Color Three months ended June 30, 2019(A)	LABL Three months ended March 31, 2019	LABL Three months ended June 30, 2019	LABL Three months ended September 30, 2019(A)(B)	LABL Three months ended December 31, 2019(A)(B)	LABL Three months ended March 31, 2020(A)(B)(C)	LABL Three months ended June 30, 2020(B)(C)
Net (loss) income	$(82,039)	$17,732	$ (5,030)	$ (8,572)	$(111,932)	$(32,129)	$ (7,636)	$(22,344)
Interest expense,	18,457	18,186	6,699	6,656	74,706	51,815	51,377	49,237
Income tax expense (benefit)	3,560	4,427	1,057	(3,586)	(41,642)	(9,905)	(714)	8,933
Depreciation, amortization and impairment	26,614	26,596	6,855	6,528	70,151	42,117	30,726	41,738
EBITDA	$(33,408)	$66,941	$ 9,581	$ 1,026	$ (8,717)	$ 51,898	$73,753	$ 77,564
Acquisition and integration expenses[a]	7,315	1,489	526	9,625	73,016	8,512	4,130	4,374
Facility closure expenses[b]	510	122	10	62	385	1,643	938	4,923
Incentive normalization[c]	(595)	579	—	—	55	—	1,299	(942)
Severance, retention & employee payments[d]	—	—	—	—	6,478	1,064	1,757	421
Provision for customer bankruptcy[e]	—	—	—	—	—	2,496	—	—
Plant start-up costs[f]	229	226	—	—	112	55	—	—
Sponsor and advisory fees[g]	—	—	1,285	1,261	1,250	1,253	1,261	1,256
Revenue recognition normalization[h]	—	—	—	—	(2,169)	—	—	—
Impact of purchase accounting on inventory[i]	—	—	—	—	14,974	—	—	—
Duplicative audit fees[j]	—	—	—	—	329	1,503	—	—
Right-sizing of plants[k]	—	—	—	—	—	1,107	624	564
Value of contingent consideration adjustment[l]	—	—	—	—	—	(9,718)	—	—
Policy harmonization[m]	—	—	—	—	—	1,915	—	—
Stock-based compensation[n]	60	843	—	—	—	—	1	(1)
Normalization adjustments[o]	—	—	129	276	—	—	—	—
Goodwill write-off[p]	99,155	—	—	—	—	—	—	—
Other adjustments[q]	(560)	1,783	(139)	543	(228)	642	2,838	859
Adjusted EBITDA	$ 72,706	$71,983	$11,392	$12,793	$ 85,485	$ 62,370	$86,601	$ 89,018

(a) Mainly related to third party legal, finance and accounting and consulting expenses related to historical acquisitions and integrations.

(b) Primarily consists of severance and relocation/moving expenses incurred to close down plants in the periods presented.

(c) Adjustment to normalize incentive compensation expense based on run-rate levels.

(d) Severance, retention and related employee payments associated with the acquisition of Multi-Color.

(e) Provision to record a reserve related to a customer bankruptcy deemed outside normal course of business.

(f) Removes start-up losses in relation to certain greenfield facilities during the periods presented.

(g) Represents the management fee and reimbursable expenses to our Sponsor.

(h) One-time adjustment resulting from purchase accounting associated with the acquisition of Multi-Color related to ASC 606 revenue recognition on the opening balance sheet.

(i) Removes the impact of purchase accounting in cost of revenue (related to a true-up of inventory values) in connection with the Acquisition.

(j) Adjustment to remove duplicative audit fees in connection with a year-end change implemented shortly after closing the Acquisition (year-end changed from March 31 to December 31).

(k) Costs related to right sizing of plants, including severance and costs to relocate equipment.

(l) Value of contingent consideration adjustment related to a business acquired by legacy Multi-Color prior to the Acquisition.

(m) Represents non-cash expenses to harmonize policies between legacy W/S Packaging and Multi-Color, mainly related to inventory and deferred revenue.

(n) Adds back 100% of non-cash stock-based compensation.

(o) Primarily comprised of (i) an adjustment to present recruiting, relocation and severance costs based on normalized levels in the normal course of business and other costs associated with executive positions that have been eliminated, coupled with (ii) a one-off customer rebate adjustment.

(p) Represents a write-off of historical goodwill at Multi-Color.

(q) Includes adjustments mainly related to certain non-cash items, net income attributable to non-controlling interests, and miscellaneous non-recurring items.

(r) Estimated cost savings through a series of continuous improvement projects at our Company, including improving productivity, purchasing and plant operations, which we expect to realize within approximately 18 months from June 30, 2020 resulting from actions that have been or will be taken shortly following the date of this offering memorandum.

(A) The three-month periods ended March 31, 2019 (Multi-Color only), June 30, 2019 (Multi-Color only), September 30, 2019, December 31, 2019 and March 31, 2020, were negatively impacted compared to the comparable periods during the prior year by $5.2 million, $7.9 million, $9.2 million, $9.4 million and $3.0 million, respectively, as a result of an unfavorable customer price adjustment associated with a contract renewal.

(B) Reflects the realization of $10 million, $10 million, $15 million and $25 million of operational improvement initiatives and cost savings in the three-month periods ended September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020, respectively.

(C) We were negatively impacted by the COVID-19 pandemic during the periods presented, which we estimate resulted in net decreases, primarily associated with lost revenues, of $1.5 million, $13.8 million and $4.2 million in the three-month periods ended March 31, 2020, June 30, 2020 and September 30, 2020, respectively.

(4) Pro Forma Adjusted EBITDA margin is defined as Pro Forma Adjusted EBITDA as a percentage of net revenues.

(5) The ratio of pro forma net total indebtedness to Pro Forma Adjusted EBITDA is determined by dividing pro forma net total indebtedness by Pro Forma Adjusted EBITDA. Pro forma net total indebtedness represents pro forma total indebtedness less cash and cash equivalents. This ratio may be calculated differently than similar ratios used in the Indenture, the indentures governing our Opco Notes and the Credit Agreements. Without giving effect to unamortized discounts and deferred financing costs, pro forma total indebtedness is expected to be $3,184.9 million.

RISK FACTORS

Any investment in the Notes involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this offering memorandum before deciding whether to invest in the Notes. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occur, our business, financial condition and results of operations would suffer and you could lose all or part of your original investment in the Notes. The risks discussed below also include forward-looking statements, and our actual results may differ materially from those discussed in these forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

COVID-19 has significantly and adversely affected our business, financial position, liquidity, results of operations and cash flows and may continue to do so.

The COVID-19 pandemic, and the various governmental, industry and consumer actions related thereto, have had, and are likely to continue to have, negative impacts on our business. These impacts include, without limitation, significant volatility or decreases in the demand for our products, changes in customer and consumer behavior and preferences, disruptions in or closures of our manufacturing operations or those of our customers and suppliers, disruptions within our supply chain, limitations on our employees' ability to work and travel, potential financial difficulties of customers and suppliers, significant changes in economic or political conditions and related financial and commodity volatility, including volatility in raw material and other input costs. In addition, future changes in our cost of capital, expected cash flows, or other factors as a result of the above may cause our long-lived assets, including goodwill, to be impaired, resulting in a non-cash charge against results of operations to write down such long-lived assets for the amount of the impairment.

Despite our efforts to manage the impacts, the degree to which COVID-19 and related actions will ultimately impact our business, financial position, liquidity, results of operations and cash flows will depend on factors that are beyond our control, highly uncertain and cannot be predicted, including the duration, spread and severity of the outbreak, the various legislation and other responses taken in the United States and other countries to contain COVID-19 and mitigate its public health effects, the impact on the U.S. and global economies and demand for our products and how quickly and to what extent normal economic and operating conditions resume. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our ability to service our indebtedness, our ability to comply with the covenants under the agreements governing our indebtedness, fluctuations in foreign exchange rates, international operations, changes in consumer demand, the global economic environment, operational disruptions, the availability and cost of raw materials, reliance on key management and personnel, cybersecurity and data privacy and goodwill, among others.

Raw material cost increases or shortages could adversely affect our results of operations and cash flows.

Our sales and profitability are dependent upon the availability and cost of various raw materials, which are subject to price fluctuations, and the ability to control the fluctuating costs of raw materials, pass on any price increases to our customers or find suitable alternative suppliers. If we are unable to effectively manage these costs or improve our operating efficiencies, or if adverse developments arise concerning certain key raw material vendors, such as disruptions in their productions or lack of availability of the raw materials we need from them, or our relationships with them, our profit margin may decline, especially if the inflationary conditions that have occurred in these markets in the recent past continue to occur. Additionally, although no assurances can be given, we generally have been able to pass raw material price increases through to our customers. The loss of our ability to pass those price increases through to our customers or the inability of our suppliers to meet our raw material requirements, however, could have a materially adverse impact on our business, financial condition or results of operations.

Our business performance may be impacted by general economic conditions, including downturns in the geographies and target markets that we serve.

The growth of our business and demand for our products is affected by changes in the health of the overall global economy and regional economies. Demand for our products is principally driven by consumer consumption of the products sold in the packages or with the inserts and labels we produce, which is affected by general economic conditions and changes in consumer preferences. Our primary end markets are food and beverages, wine and spirits, home and personal care and healthcare & specialty consumer products. Downturns or periods of economic weakness in our primary end markets could result in decreased demand for our products. In general, our business may be adversely affected by decreases in the overall level of global economic activity, such as decreases in business and consumer spending.

Global economic conditions also affect our customers' businesses, as well as our suppliers. Because a significant part of our business relies on our customers' spending, a prolonged downturn in the global economy and an uncertain economic outlook could reduce the demand for our products. Economic weakness and constrained advertising spending have resulted, and may in the future result, in decreased revenue, operating margin, earnings and growth rates and difficulty in managing inventory levels and collecting accounts receivable. Economic downturns may also result in restructuring actions and associated expenses and impairment of long-lived assets, including goodwill and other intangibles. Uncertainty about future economic conditions makes it difficult for us to forecast operating results and to make decisions about future investments.

Additionally, economic downturns may affect one or more of our lenders' ability to fund future draws on our ABL Credit Facility or our ability to access the capital markets or obtain new financing arrangements that are favorable to us. In such an event, our liquidity could be severely constrained with an adverse impact on our ability to operate our businesses. Our ability to meet the financial covenant under our Senior Secured Credit Facilities may also be affected by events beyond our control, including a further deterioration of current economic and industry conditions, which could negatively affect our earnings. If it is determined we are not in compliance with our financial covenant, the lenders under our Senior Secured Credit Facilities will be entitled to take certain actions, including, but not limited to, acceleration of all amounts due thereunder. If the lenders take such action, we may be forced to amend the terms of such debt, obtain a waiver or find alternative sources of capital. Obtaining new financing arrangements or amending our existing one may result in significantly higher fees and ongoing interest costs as compared to those in our current arrangement, which could have a material adverse effect on our business, financial condition and operating results.

We face risks related to interruption of our operations and lack of redundancy.

Our production facilities, websites, transaction processing systems, network infrastructure, supply chain and customer service operations may be vulnerable to interruptions, including by cyber-attack. Specifically, the long-term shutdown of our printing presses or malfunctions experienced with our presses could negatively impact our ability to fulfill customers' orders and on-time delivery needs and adversely impact our operating results and cash flows. Disruptions or shutdowns at any of our production facilities could be caused by:

- outages to conduct maintenance activities that cannot be performed safely during operations;
- prolonged power failures or reductions, including the effect of lightning strikes on our electrical supply;
- breakdown, failure or substandard performance of any of our presses, diecutters and print and packaging-related machinery or other equipment;

- noncompliance with material environmental requirements or permits;
- disruptions in the transportation infrastructure, including railroad tracks, bridges, tunnels or roads;
- fires, floods, earthquakes, tornadoes, hurricanes, significant winter storms or other catastrophic disasters; or
- other operational problems.

We have not identified alternatives to all of our facilities, systems, supply chains and infrastructure, including production, to serve us in the event of an interruption, and if we were to find alternatives, they may not be able to meet our requirements on commercially acceptable terms, or at all. In addition, we are dependent, in part, on third parties for the implementation and maintenance of certain aspects of our communications and production systems, and because many of the causes of system interruptions or interruptions of the production process may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. Any interruptions that cause any of our websites to be unavailable, reduce our order fulfillment performance, or interfere with our manufacturing, technology or customer service operations could result in lost revenue, increased costs, negative publicity, damage to our reputation and brand, and an adverse effect on our business and results of operations.

Building redundancies into our infrastructure, systems and supply chain to mitigate these risks may require us to commit substantial financial, operational and technical resources, in some cases before the volume of our business increases with no assurance that our revenues will increase. We may also be required to incur substantial costs in maintaining our facilities in good operating condition.

Competition in our industry could limit our ability to retain current customers and attract new customers.

The markets for our products and services are highly competitive and constantly evolving. We compete primarily based on the level and quality of customer service, technological leadership, product performance and price and the inability to successfully overcome competition in our business could have a material adverse impact on our operating results and cash flows. Some of our competitors have greater financial and other resources than us and may have lower operating costs, greater operational flexibility, greater productive capacity, more financial flexibility and other resources that are greater than ours. Competitors with lower operating costs than ours will have a competitive advantage over us with respect to products that are particularly price-sensitive. We could face competitive pressure as a result of any of the following: our ability to continue to improve our product and service offerings and keep pace with and integrate technological advances and industry evolutions; new products developed by our competitors that are of superior quality, fit our customers' needs better or have lower prices; patents obtained or developed by competitors; consolidation of our competitors; pricing pressures; loss of proprietary supplies of certain materials; and decrease in the utilization of labels. The inability to successfully identify, develop and sell new or improved products and to overcome competition in our business could have a material adverse impact on our operating results and cash flows.

We must be able to continue to effectively manage our growth, including our recent acquisitions, and to execute our long-term growth strategy.

We have experienced significant and steady growth over the last several years. Our growth, in particular our recent acquisitions, combined with the geographical separation of our operations, has placed, and will continue to place, a strain on our management, administrative and operational infrastructure. Our ability to manage our operations and anticipated growth will require us to continue to refine our operational, financial and management controls, human resource policies, reporting systems and procedures in the locations in which we operate. In addition, our expectations regarding the earnings, operating cash flow, capital expenditures and liabilities resulting from acquisitions recently completed are based on information currently available to us and may prove to be incorrect. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. If we are unable to realize any of the anticipated benefits of an acquisition or manage expected future expansion, or if our long-term growth strategy is not successful, our ability to provide a high-quality customer experience could be harmed, which would damage our reputation and brand and substantially harm our business and results of operations. In addition, projections made by us in connection with forming our long-term growth strategy are inherently uncertain and based on assumptions and judgments by management that may be flawed or based on information about our business and markets that may change in the future, many of which are beyond our reasonable control. These and various other factors may cause our actual results to differ materially from our projections.

If we are unable to successfully integrate our acquisitions and identify and integrate future acquisitions, our results of operations could be adversely affected.

We have a history of making acquisitions and, over the past several years, have invested, and in the future may continue to invest, a substantial amount of capital in acquisitions. We continue to evaluate potential acquisition opportunities to support, strengthen and grow our business.

Acquisitions involve a number of risks, including risks related to:

- the diversion of management's attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations;
- increased costs of integration activities;
- disruption of our existing business operations;
- the incorporation of acquired products into our current offerings;
- problems associated with maintaining relationships with employees and customers of acquired businesses as a result of changes in ownership and management;
- the increasing demands on our operational systems resulting from integration of the systems of acquired businesses;
- the ability to integrate and implement effective disclosure controls and procedures and internal controls over financial reporting;
- possible adverse effects on our reported operating results, particularly during the first several reporting periods after such acquisitions are completed; and
- the difficulty of converting acquired companies to our corporate culture and brands.

We may become responsible for unanticipated liabilities and contingencies that we failed or were unable to discover in the course of performing due diligence in connection with historical acquisitions or any future acquisitions. We have typically required sellers to indemnify us against certain undisclosed liabilities. However, we cannot assure you that indemnification rights we have obtained, or will in the future obtain, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

Although we have completed many acquisitions, there can be no assurance that we will be able to locate suitable acquisition candidates, acquire possible acquisition candidates, acquire such candidates on commercially reasonable terms, or integrate acquired businesses successfully in the future. Furthermore, because of the limitations imposed by the agreements governing our indebtedness, we may not be able to finance future acquisitions. Any governmental review or investigation of our proposed acquisitions, such as by the Federal Trade Commission or the European Commissioner for Competition, may impede, limit or prevent us from proceeding with an acquisition. Future acquisitions may require us to incur additional debt and contingent liabilities, which may adversely affect our business, results of operations and financial condition.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition. Furthermore, the process of integrating acquired businesses into our existing operations may result in operating, contract and supply chain difficulties, such as the failure to retain customers or management personnel. Although we conduct what we believe to be a prudent level of investigation regarding the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired entities and their operations.

We may not realize the growth opportunities and cost savings and synergies that are anticipated from our acquisitions and the other initiatives that we undertake.

The benefits that we expect to achieve as a result of our acquisitions will depend in part on our ability to realize anticipated growth opportunities and cost savings and synergies. Our success in realizing these opportunities and synergies and the timing of this realization depend on the successful integration of the acquired businesses and operations with our business and operations and the adoption of best practices. Even if we are able to integrate these businesses and operations successfully, this integration may not result in the realization of the full benefits of the growth opportunities and synergies we currently expect from this integration within the anticipated timeframe or at all. Accordingly, the benefits from these acquisitions may be offset by unanticipated costs or delays in integrating the companies.

Furthermore, we may not realize all of the cost savings and synergies we expect to achieve from our current operational improvement initiatives due to a variety of risks, including, but not limited to, difficulties in integrating shared services within our business, higher than expected employee severance or retention costs, higher than expected overhead expenses and expenses related to facilities closures, delays in the anticipated timing of activities related to our cost savings plans and other unexpected costs associated with operating our business. If we are unable to achieve the cost savings or synergies that we expect to achieve from our operational improvement initiatives, or if the implementation of these initiatives adversely affect our operations or cost more or take longer to effectuate than we expect, it could adversely affect our business, financial condition and results of operations. See "—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA."

Problems associated with operational efficiency could have a material adverse effect.

Our ability to utilize production capacity efficiently could be materially affected by changes in customer demand or interruptions in production. Inability to adjust production capacity may lead to lost opportunities in the case of increasing demand or reduced profitability in the case of decreasing demand. Rapid production changes may be challenging to implement, which also increases our vulnerability to adverse general economic and industry conditions. We typically produce goods against orders received, rather than for stock. However, a variety of conditions may cause customers to reduce, delay or cancel anticipated or confirmed orders, or to lower capacity utilization to align their production with the demand. Problems associated with operational efficiency could have a material adverse effect on our business, financial condition and results of operations.

We may encounter difficulties in restructuring operations, closing facilities and disposing of assets and facilities.

We have closed facilities, sold assets and otherwise restructured operations in an effort to improve our cost competitiveness and profitability. Some of these activities are ongoing, and there is no guarantee that any such activities will not divert the attention of management or disrupt our operations or achieve the intended cost and operations improvements. These activities, and any future activities we may undertake, could have a material adverse effect on our business, financial condition and operating results.

We depend on key personnel, and we may not be able to operate and grow our business effectively if we lose their services or are unable to attract qualified personnel in the future.

We are dependent upon the efforts of our senior management team and other key personnel. These employees have industry experience and relationships that we rely on to successfully implement our business plan. The success of our business is heavily dependent on our ability to retain our current management and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense, and we may not be able to retain our personnel. We have not entered into employment agreements with all of our key personnel, and these individuals may not continue in their present capacity with us for any particular period of time. The loss of the services of one or more members of our senior management team could also require the remaining executive officers to divert immediate and substantial attention to seeking a replacement and would disrupt our business and impede our ability to execute our business strategy. Any inability to find a replacement for a departing executive officer on a timely basis could adversely affect our ability to operate and grow our business.

Various laws and governmental regulations applicable to a manufacturer or distributor of consumer products may adversely affect our business, results of operations and financial condition.

Our business is subject to numerous federal, state, provincial, local and foreign laws and regulations, including laws and regulations with respect to labor and employment, product safety, including regulations enforced by the United States Consumer Products Safety Commission, import and export activities, the Internet and e-commerce, antitrust issues, taxes, chemical usage, air emissions, wastewater and storm water discharges and the generation, handling, storage, transportation, treatment and disposal of waste materials, including hazardous materials. We routinely incur costs in complying with these regulations and, if we fail to comply, could incur significant penalties.

Although we believe that we are in substantial compliance with all applicable laws and regulations, because legal requirements frequently change and are subject to interpretation, we are unable to predict the ultimate cost of compliance or the consequences of non-compliance with these requirements, or the effect on our operations, any of which may be significant. If we fail to comply with applicable laws and regulations, we may be subject to criminal sanctions or civil remedies, including fines, injunctions, or prohibitions on importing or exporting. A failure to comply with applicable laws and regulations, or concerns about product safety, also may lead to a recall or post-manufacture repair of selected products, resulting in the rejection of our products by our customers and consumers, lost sales, increased customer service and support costs, and costly litigation. In addition, failure to comply with environmental requirements could require us to shut down one or more of our facilities. There is a risk that any claims or liabilities, including product liability claims, relating to such noncompliance may exceed, or fall outside the scope of, our insurance coverage. Laws and regulations at the state, federal and international levels frequently change and the cost of compliance cannot be precisely estimated. Any changes in regulations, the imposition of additional regulations, or the enactment of any new governmental legislation that impacts employment/labor, trade, health care, tax, environmental or other business issues could have an adverse impact on our financial condition and results of operations.

We are subject to risks associated with our international operations, including compliance with applicable U.S. and foreign anti-corruption laws and regulations such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and other applicable anti-corruption laws, which may increase the cost of doing business in international jurisdictions.

We have operations in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions and we intend to continue expansion of our international operations. Approximately 50% of our sales were derived from our foreign operations (based on the country from which the product was shipped) during the LTM Period. As a result, our business is exposed to risks inherent in foreign operations. If we fail to adequately address the challenges and risks associated with our international expansion and acquisition strategy, we may encounter difficulties implementing our strategy, which could impede our growth or harm our operating results. These risks, which can vary substantially by jurisdiction, include the difficulties associated with managing an organization with operations in multiple countries, compliance with differing laws and regulations (including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and local laws prohibiting payments to government officials and other corrupt practices, tax laws, regulations and rates), enforcing agreements and collecting receivables through foreign legal systems. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that our employees, contractors and agents will not take actions in violation of our policies, particularly as we expand our operations through organic growth and acquisitions. Any such violations could subject us to civil or criminal penalties, including material fines or prohibitions on our ability to offer our products in one or more countries, and could also materially damage our reputation, brand, international expansion efforts, business and operating results. Additional risks include the potential for restrictive actions by foreign governments, changes in economic conditions in each market, foreign customers who may have longer payment cycles than customers in the United States, the impact of economic, political and social instability of those countries in which we operate and acts of nature, such as typhoons, tsunamis, or earthquakes. The overall volatility of the economic environment has increased the risk of disruption and losses resulting from hyper-inflation, currency devaluation and tax or regulatory changes in certain countries in which we have operations.

We also face the challenges and uncertainties associated with operating in developing markets, which may subject us to a relatively high risk of political and social instability and economic volatility, all of which are enhanced, in many cases, by uncertainties as to how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment.

While we have implemented safeguards and policies designed to promote compliance with applicable laws, these safeguards and policies may prove to be less than effective, and our employees or agents may engage in conduct for which we might be held responsible. Violations of these laws or regulations could result in significant sanctions including fines, onerous compliance requirements, the denial of export privileges, reputational damage and loss of authorizations needed to conduct aspects of our international business, which could adversely affect our business, financial condition and results of operations.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

In March 2017, Prime Minister Theresa May of the U.K. formally began the process of withdrawing the U.K. from the E.U. following the June 2016 referendum in which a majority of voters in the U.K. supported the withdrawal (commonly referred to as "Brexit"). The U.K. left the E.U. on January 31, 2020. Negotiations between the U.K. and the E.U. remain ongoing and are complex, and there can be no assurance regarding the terms (if any) or timing of any resulting agreement. The terms of any future trading relationship between the U.K. and the E.U. are also subject to negotiation and are currently uncertain. Brexit has also created significant uncertainty about the future relationship between the U.K. and the E.U., including with respect to the laws and regulations that will apply as the U.K. determines which E.U. laws to replace or replicate in the event of a withdrawal. Brexit has also given rise to calls from the governments of other E.U. member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations.

Due to the fact that we have operations located within the U.K., Brexit could negatively impact our operations resulting primarily from (a) operational disruptions due to changes in the manner in which people and products are moved between the U.K. and E.U. following Brexit and (b) potential price increases for supplies purchased by our U.K. businesses from companies located in the E.U. or elsewhere.

Currency exchange rate fluctuations could have an adverse effect on our revenue, cash flows and financial results.

Because we conduct a significant portion of our business outside the United States, our revenues and earnings and the value of our foreign net assets are affected by fluctuations in foreign currency exchange rates, which may favorably or adversely affect reported earnings and net assets. Currency exchange rates fluctuate in response to, among other things, changes in local, regional or global economic conditions, the imposition of currency exchange restrictions and unexpected changes in regulatory or taxation environments. Fluctuations in currency exchange rates may affect our operating performance by impacting revenues and expenses outside of the United States due to fluctuations in currencies other than the U.S. dollar or where we translate into U.S. dollars for financial reporting purposes the assets and liabilities of our foreign operations conducted in local currencies. Although we may use currency exchange rate protection agreements from time to time to reduce our exposure to currency exchange rate fluctuations in some cases, these hedges may not eliminate or reduce the effect of currency fluctuations.

We rely on several large customers and the loss of one of these customers would have a material adverse impact on our operating results and cash flows.

For the LTM Period, one customer accounted for approximately 7% of our consolidated sales and our top ten customers accounted for approximately 29% of our consolidated sales. While we maintain sales contracts with certain of our largest customers, such contracts do not impose minimum purchase or volume requirements and these contracts require renewal on a regular basis in the ordinary course of business. We cannot guarantee that these contracts will be successfully renewed in the future. The volume and type of services we provide all of our customers may vary from year to year and could be reduced if a customer were to change its procurement strategy. On occasion, a customer’s strategies or needs may change, resulting in the loss of business. In addition, the industries in which our customers operate may be subject to future consolidation. Any such consolidation could result in increased bargaining power for our customers and could lead to a decline in our market share if an existing customer merges with or is acquired by an entity that is a customer of one of our competitors. Any termination of a business relationship with, or a significant sustained reduction in business received from, one or more of our largest customers could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our total assets include substantial amounts of goodwill and intangible assets and an impairment of our goodwill or intangible assets could adversely affect our results of operations.

Our goodwill and intangible assets represented approximately 59% of our total assets as of June 30, 2020. We evaluate our goodwill for impairment on an annual basis and at other times during the year if events or circumstances indicate that it is more likely than not that the fair value is below the carrying value. We evaluate intangible assets for impairment when facts or circumstances suggest that the carrying value of these assets may not be recoverable. Our evaluation of impairment requires us to make certain estimates and assumptions, including projections of future results. Such estimates and assumptions may not prove to be accurate in the future. After performing our evaluation for impairment, including an analysis to determine the recoverability of intangible assets, we will record a noncash impairment loss when the carrying value of the underlying asset, asset group or reporting unit exceeds its fair value. There can be no assurance that reviews of our goodwill and other intangible assets will not result in impairment losses.

During the early years of an acquisition, the risk of impairment to goodwill and intangible assets is naturally higher. This is because the fair values of these assets align very closely with what we recently paid to acquire the reporting units to which these assets are assigned. This means the difference between the carrying value of the reporting unit and its fair value (typically referred to as "headroom") is naturally smaller at the time of acquisition. Until this headroom grows over time (due to business growth or lower carrying value of the reporting unit due to natural amortization, etc.), a relatively small decrease in reporting unit fair value can trigger an impairment. That fair value is affected by actual business performance but is also determined by the market (usually reflected in the value of our common stock). As a consequence, sometimes even with favorable business performance, the market alone can drive an impairment condition if general business valuations decline significantly. When impairment charges are triggered, they tend to be material due to the sheer size of the assets involved. If these impairment losses are significant, our results of operations could be adversely affected.

Our operations could expose us to significant regulations and compliance expenditures as a result of environmental, health and safety laws.

Our business and facilities are subject to a wide range of federal, state, local and foreign general and industry-specific environmental, health and safety laws and regulations, including those relating to air emissions, wastewater discharges, management and disposal of regulated materials and site remediation. Violations of these laws and regulations or of any conditions contained in any environmental permit can result in substantial fines or penalties, injunctive relief, requirements to install pollution or other controls or equipment, civil and criminal sanctions, permit revocations and/or facility shutdowns. In addition, in the course of our operations, we use, store and dispose of hazardous substances.

Certain of our operations require environmental permits or other approvals from governmental authorities, and certain of these permits and approvals are subject to expiration, denial, revocation or modification under various circumstances. We are also subject to frequent inspections and monitoring by government enforcement authorities. Compliance with these laws, regulations, permits and approvals is a significant factor in our business. From time to time we incur, and may in the future incur, significant capital and operating expenditures to achieve and maintain compliance with applicable environmental laws, regulations, permits and approvals. Our failure to comply with applicable environmental laws and regulations or permit or approval requirements could result in substantial civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring remedial or corrective measures, installation of pollution control equipment or other actions or costs, which could have a material adverse effect on our business, financial condition and operating results.

In addition, as an owner and operator of real estate, we may be responsible under environmental laws and regulations for the investigation, remediation and monitoring, as well as associated costs, expenses and third-party damages, including tort liability and natural resource damages, relating to past or present releases or threats of releases of regulated materials at, on, under or from our properties. Liability under these laws may be imposed without regard to whether we knew of or were responsible for the presence of those materials on our property; may be joint and several, meaning that the entire liability may be imposed on each party without regard to contribution; and may be retroactive and may not be limited to the value of the property. In addition, we or others may discover new material environmental liabilities, including liabilities related to third-party owned properties that we or our predecessors formerly owned or operated, or at which we or our predecessors have disposed of, or arranged for the disposal of, certain regulated materials. We may be involved in administrative or judicial proceedings and inquiries in the future relating to such environmental matters, which could have a material adverse effect on our business, financial condition and operating results.

Some of our current and former facilities are currently involved in environmental remediation resulting from releases of hazardous substances or the presence of other regulated materials. Many of our facilities have a history of industrial usage for which investigation and remediation obligations could arise in the future and which could require us to make material expenditures or otherwise materially affect the way we operate our business.

Certain of our operations result in emissions of greenhouse gases (“GHG”), such as carbon dioxide. Growing concern about the sources and impacts of global climate change has led to a number of national and supranational legislative and administrative measures, both proposed and enacted, to monitor, regulate and limit carbon dioxide and other GHG emissions, including in the United States. Such measures, for example, could adversely affect our energy supply, or the costs and types of raw materials we use for fuel, or impose costs on us associated with GHG emissions resulting from our operations. Although we believe it is likely that GHG emissions will continue to be regulated in the United States and elsewhere in the future, we cannot yet predict the form such regulation will take (such as a cap-and-trade program, technology mandate, emissions tax or other regulatory mechanism) or, consequently, estimate the direct or indirect financial impact to our business.

New environmental laws or regulations (or changes in existing laws or regulations or their enforcement) may be enacted that require significant expenditures by us. If the resulting expenses significantly exceed our expectations, our business, financial condition and operating results could be materially and adversely affected.

We are also subject to various federal, state, local and foreign requirements concerning safety and health conditions at our manufacturing facilities, including those promulgated by the FDA and the U.S. Occupational Safety and Health Administration (“OSHA”). The operation of manufacturing facilities involves many risks, including the failure or substandard performance of equipment, suspension of operations and new governmental statutes, regulations, guidelines and policies. Our and our customers’ operations are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials. These hazards can cause personal injury, severe damage to and destruction of property and equipment and environmental damage. Furthermore, we may become subject to claims with respect to workplace exposure, workers’ compensation and other matters. We may be subject to material financial penalties or liabilities for noncompliance with safety and health requirements, as well as potential business disruption, if any of our facilities or a portion of any facility is required to be temporarily closed as a result of any significant injury or any noncompliance with applicable requirements.

At the E.U. level, many laws and regulations are designed to protect human health and the environment. For example, Directive 2004/35/EC concerns obligations to remedy damages to the environment, which could require us to remediate contamination identified at sites we own or use. Other E.U. directives limit pollution from industrial activities, reduce emissions to air, water and soil, protect water resources, reduce waste, protect employee health and safety and regulate the registration, evaluation, authorization and restriction of chemicals. Failure to comply with these laws, or a change in the applicable legal framework, could affect our business, financial condition or results of operations. We could be held liable for the costs to address contamination at any real property we have ever owned, operated or used as a disposal site. We also could incur fines, penalties, sanctions or be subject to third-party claims for property damage, personal injury or nuisance or otherwise as a result of violations of or liabilities under environmental laws or in connection with releases of hazardous or other materials. Changes in, or new interpretations of, existing laws, regulations or enforcement policies, the discovery of previously unknown contamination, or the imposition of other environmental liabilities or obligations in the future, including additional investigation or other obligations with respect to any potential health hazards of our products or business activities or the imposition of new permit requirements, may lead to additional compliance or other costs that could have a material adverse effect on our business, financial condition or results of operations.

The occurrence of material operational problems, including, but not limited to, the above events, could have a material adverse effect on our business, financial condition and results of operations.

If we cannot effectively anticipate technology trends and develop and market new products to respond to changing customer preferences and regulatory environment, our sales, earnings and cash flow could be adversely affected.

Our success in our end markets depends on our ability to offer differentiated solutions to capture market share and grow scale. To enable this, we must continually develop and introduce new products and services in a timely manner, or enhance existing products, to keep pace with technological and regulatory developments and achieve customer acceptance. In addition, the services and products that we provide to customers may not meet the needs of our customers as the business models of our customers evolve. Our customers may decide to change or decrease their product usage or forego the use of certain products entirely. In addition, quality issues discovered in our current products and services after shipment or performance may cause additional shipping costs, possible discounts or refunds, and potential loss of future sales, while issues discovered prior to shipping may cause delays and potentially cancelled orders. These quality issues could adversely affect our profitability as well as negatively impact our reputation.

In addition, in order to remain competitive, we must continually invest in new technologies that will enable us to meet the evolving demands of our customers. We cannot guarantee that we will be successful in the introduction, marketing and adoption of any of our new products or services, or that we will develop and introduce in a timely manner innovative products and services that satisfy customer needs or achieve market acceptance. Our failure to develop new services and products and introduce them successfully could harm our competitive position and our ability to grow our business, and our revenues and operating results could suffer.

Regulatory developments can also significantly alter the market for our solutions. For example, a move to electronic distribution of disclaimers and other paperless regimes could negatively impact our healthcare inserts and labels businesses. In addition, it is difficult to successfully predict the products and services our customers will demand. The success of our business depends in part on our ability to identify and respond promptly to changes in customer preferences, expectations and needs. If we do not timely assess and respond to changing customer expectations, preferences and needs, our financial condition, results of operations or cash flows could be adversely affected.

We are highly dependent on information technology. If our systems fail or are unreliable, our operations may be adversely impacted.

The efficient operation of our business depends on our information technology infrastructure and our management information systems. In addition, production technology in the printing industry has continued to evolve, particularly with respect to the pre-press component of production. Our information technology infrastructure and our management information systems are vulnerable to damage or interruption from natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, other computer systems, Internet telecommunications, or data network failures. Any significant breakdown, virus or destruction could negatively impact our business. Depending on their nature and scope, certain threats could lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations. We also periodically upgrade and install new systems which, if installed or programmed incorrectly, could cause significant disruptions. If a disruption occurs, we could incur losses and costs relating to interruption of our operations. Unauthorized disclosure of sensitive or confidential information, whether through system failure or breaches or employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose customers. Similarly, unauthorized access to or through our information systems or those we develop, whether by our employees or third parties, including a cyberattack by computer programmers and hackers who may develop and deploy viruses, worms or other malicious software programs, could result in negative publicity, significant remediation costs, legal liability and damage to our reputation and could have a material adverse effect on our results of operations.

We are highly dependent on information technology networks and systems, including those networks and systems managed by vendors or third-parties, to securely process, transmit and store electronic information (including sensitive data such as trade secrets, confidential business information and personally identifiable data relating to employees, customers and business partners). Like any large corporation, from time to time the information systems on which we rely, including those controlled and managed by third-parties, may be subject to computer viruses, malicious software, attacks by hackers and other forms of cyber intrusions or unauthorized access, any of which can create system disruptions, shutdowns or unauthorized disclosure of sensitive data.

We attempt to mitigate the above risks by employing a number of measures, including monitoring and testing of our security controls, employee training, and maintenance of protective systems and contingency plans. Further, our contractual arrangements with service providers aim to ensure that third-party cybersecurity risks are appropriately mitigated. We also maintain insurance relating to cybersecurity incidents, which we cannot guarantee will be adequate. It is impossible to eliminate all cybersecurity risk and thus we remain potentially vulnerable to known or unknown threats. Additionally, our information technology systems may also be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages and system failures. Any system outages or security breaches, whether caused intentionally or unintentionally, can interrupt our operations, delay production and shipments, result in theft of trade secrets and intellectual property, damage our reputation, result in defective products or services, give rise to legal proceedings, liabilities and penalties, and cause us to incur increased costs for insurance premiums, security, remediation, and regulatory compliance.

Information security risks have generally increased in recent years because of the increased proliferation, sophistication and availability of complex malware and hacking tools to carry out cyber-attacks. As cyber threats continue to evolve, we may be required to expend additional resources to mitigate new and emerging threats while continuing to enhance our information security capabilities or to investigate and remediate security vulnerabilities.

In addition, our liability insurance might not be sufficient in type or amount to adequately cover us against claims related to security breaches, cyberattacks and other related breaches.

Changes in the foreign regulatory environment regarding privacy and data protection regulations could have a material adverse impact on our results of operations.

Personal data is highly regulated in many countries in which we operate. In addition, some of the data that we may process, store and transmit may travel outside of the jurisdiction in which such data is collected. In the E.U. and the European Economic Area (the "E.E.A."), we are subject to the General Data Protection Regulation 2016/679 ("GDPR") in relation to our collection, control, processing, sharing, disclosure and other use of personal data (i.e. data relating to an identifiable living individual). We may process personal data in relation to our employees, customers, business partners, distributers, suppliers and other third parties. The GDPR imposes restrictions on the collection and use of personal data that, in many respects, are more stringent, and impose more significant burdens on businesses subject to the GDPR, than current privacy standards in the United States. The GDPR is directly applicable in each E.U. and E.E.A. Member State, however, it provides that E.U. and E.E.A. Member States may establish further conditions, limitations and regulations which could limit our ability to collect, control, process, share, disclose and otherwise use personal data and/or could cause our compliance costs to increase, ultimately having an adverse impact on our business. The GDPR imposes a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that valid consent or another an appropriate legal basis is in place or otherwise exists to justify data processing activities; granting new rights for data subjects in regard to their personal data (including the right to be "forgotten" and the right to data portability), as well as enhancing current rights (e.g., data subject access requests); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining for the first time pseudonymized (i.e., key-coded) data; imposing limitations on retention of personal data; maintaining a record of data processing; and complying with the principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. Other countries have enacted or are considering enacting data localization laws that require certain data to stay within their borders. We may also face audits or investigations by one or more foreign government agencies relating to our compliance with these regulations that could result in the imposition of penalties or fines. We undertake a compliance program with input from external advisors to ensure our compliance with these obligations under the GDPR, however, the costs of compliance with, and other burdens imposed by, such laws, regulations and policies that are applicable to us may limit the use and adoption of our products and solutions and could have a material adverse impact on our results of operations.

We are also subject to E.U. rules with respect to cross-border transfers of personal data out of the E.U. and E.E.A. Where we transfer personal data out of the E.U. or E.E.A. to countries which are not considered by the European Commission to offer adequate protection of personal data, we comply with the relevant E.U. data export requirements from time to time, including entering into the EU Commission approved Standard Contractual Clauses for the transfer of personal data to third countries (i.e., the model clauses), and in regard to transfers of personal data (HR data and non-HR data) to the US. These rules are under scrutiny from time to time. For example, there is ongoing litigation challenging the EU Commission approved model clauses (also called standard contractual clauses), which is a commonly used transfer mechanism under the GDPR. It is uncertain whether the model clauses will be invalidated by the European courts. In addition, Brexit will mean that at some point the U.K. will become a “third party” for the purposes of data transfers under the GDPR. These changes may require us to find alternative solutions for the compliant transfer of personal data into (and possibly from) the U.K.

We depend on a number of third parties in relation to the operation of our business, a number of which process personal data on our behalf. With each such provider we attempt to mitigate the associated risks of using third parties by entering into contractual arrangements to ensure that providers only process personal data according to our instructions, and that they have sufficient technical and organizational security measures in place. Where we transfer personal data outside the EEA to such third parties, we do so in compliance with the relevant data export requirements, as described above. There is no assurance that these contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing, storage and transmission of such information. Any violation of data or security laws by our third party processors could have a material adverse effect on our business and result in the fines and penalties outlined below.

We are subject to the supervision of local data protection authorities in those E.U. and E.E.A. jurisdictions where we are established or otherwise subject to the GDPR. Fines for certain breaches of the GDPR are significant: up to the greater of 20 million Euros or 4% of total global annual turnover. In addition to the foregoing, a breach of the GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, assessment notices (for a compulsory audit), as well potential civil claims including class action type litigation where individuals suffer harm.

We are also subject to evolving E.U. privacy laws on cookies and e-marketing. The E.U. is in the process of replacing the e-Privacy Directive with a new set of rules taking the form of a regulation. The draft e-Privacy Regulation imposes strict opt-in marketing rules with limited exceptions for business-to-business communications, alters rules on third-party cookies, web beacons and similar technology and significantly increases fining powers to the same levels as the GDPR (i.e. the greater of 20 million Euros or 4% of total global annual turnover). While the e-Privacy Regulation was originally intended to be adopted on May 25, 2018 (alongside the GDPR), it is still going through the European legislative process and commentators now expect it to be adopted during the second half of 2020, or during 2021, following a transition period. We are likely to be required to expend further capital and other resources to ensure compliance with these changing laws and regulations.

We are exposed to payment delays from, and/or defaults by, our customers.

Our customers are generally required to pay us within a certain time period following the date of delivery of our products. As a result, we are subject to certain credit risks comprising both the immediate default risk and the danger of a decline in our customers' creditworthiness. We aim to minimize such credit risks through the regular monitoring of our customers' creditworthiness, requests for security, such as letters of credit, bank guarantees and credit insurance, adjustment of credit terms based on credit history and local market practices and the sale of parts of our trade receivables portfolio to financial institutions (i.e., factoring). No assurance can be given that any of these measures will successfully protect us against the risk of payment defaults and delays, any of which could have a material adverse effect on our business, financial condition and results of operations.

Labor disputes or increased labor costs could materially adversely affect our operating results.

As of June 30, 2020, we employed approximately 9,600 people, of whom approximately 3,500 are located in the United States and approximately 6,100 are located in other countries. Certain of our employees in the United States, Canada, Mexico, Chile, South Africa, Tanzania, China, Vietnam, Indonesia, Australia, Germany, France and Ireland are represented by unions and our French, German and Scottish employees are represented by works councils. During the previous decade, we have not experienced a stoppage in work or poor labor relations at any of our facilities. Management believes that our relations with our employees are good. Any organizing efforts, significant work stoppages, or any significant increase in labor costs could have a material adverse effect on our business, financial condition and operating results.

Failure of quality control measures and systems resulting in faulty or defective product could have a material adverse effect on our business.

We have quality control measures and systems in place to ensure the quality of our products. The consequences of a product not meeting these standards due to, among other things, defective raw materials, human error or equipment fault, could be severe. Such consequences might include adverse effects on consumer health, litigation exposure, loss of market share, financial costs and loss of sales.

In addition, if our products fail to meet our usual standards, we may be required to incur substantial costs in taking appropriate corrective action (up to and including recalling products from end consumers) and to reimburse customers and/or end consumers for losses that they suffer as a result of this failure. Customers and end consumers may seek to recover these losses through litigation and, under applicable legal rules, may succeed in any such claim despite there being no negligence or other fault on our part. Placing an unsafe product on the market, failing to notify the regulatory authorities of a safety issue, failing to take appropriate corrective action and failing to meet other regulatory requirements relating to product safety could lead to regulatory investigation, enforcement action and/or prosecution. Any product quality or safety issue may also result in adverse publicity, which may damage our reputation. This could, in turn, have a material adverse effect on our business, financial condition and results of operations. Although we have not conducted any substantial product recalls or other material corrective action in recent years, these events may occur in the future. Furthermore, quality issues discovered prior to shipping may cause delays and potentially cancelled orders.

In certain contracts, we provide guarantees that our products are produced in accordance with customer specifications regarding the proper functioning of our products and the conformity of a product to the specific use defined by the customer. In addition, our customers may allege that our products do not comply with such specifications, even if the packaging complies with contractual specifications. Such liability, if it were to be established in relation to a sufficient volume of claims or to claims for sufficiently large amounts, could have a material adverse effect on our business, financial condition and results of operations.

The occurrence of natural or man-made disasters may adversely affect our business, financial condition or results of operations.

We are exposed to various risks arising from natural disasters, including fires, tornadoes, climate change and floods, as well as man-made disasters and core infrastructure failures, including fires, explosions, acts of terrorism, military actions, power grid and telephone/internet infrastructure failures, which may adversely affect our business, financial condition or results of operations by causing, among other things:

- loss of customers due to lack of product availability;
- shortage in supply of raw materials used for our business; and
- disruption of our normal business operations due to catastrophic property damage, loss of life, or disruption of public and private infrastructure, including communications and financial services.

We cannot assure you that our business continuation and crisis management plan or insurance coverage's would be effective in mitigating any negative effects on operations or profitability in the event of a disaster, nor can we provide assurance that the business continuation and crisis management plans of our suppliers and service providers on whom we rely for certain services and products would be effective in mitigating any negative effects on the provision of such services and products in the event of a disaster.

Our energy or transportation costs may be higher than we anticipated, which could have a material adverse effect on our business, financial condition and operating results.

Energy, including energy sourced from coal, diesel fuel, electricity and natural gas, represents a significant portion of our manufacturing costs. Energy costs have fluctuated significantly and such fluctuations have primarily impacted us in the logistics processes, with a more minor impact on manufacturing costs. In addition, we distribute our products primarily by truck and rail. Reduced availability of trucks or rail cars could negatively impact our ability to ship our products in a timely manner. There can be no assurance that we will be able to recoup any increases in transportation rates or fuel surcharges through price increases for our products. If energy or transportation costs are greater than anticipated, our business, financial condition and operating results may be adversely affected.

We are subject to litigation in the ordinary course of business, and uninsured claims or a rise in insurance premiums may adversely impact our results of operations.

In the ordinary course of business, we are subject to various claims, litigation and governmental proceedings, including those related to intellectual property and environmental matters and actions brought against us by our employees. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could divert management's attention and resources. For instance, in our healthcare end market, we print information on our labels, inserts and packages that, if incorrect, could give rise to product liability claims. The ultimate outcome of these claims, lawsuits, and governmental proceedings cannot be predicted with certainty, but could have a material adverse effect on our business and results of operations.

In accordance with customary practice, we maintain insurance against some, but not all, of these potential claims. We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. The levels of insurance we maintain may not be adequate to fully cover any and all losses or liabilities. Further, we may not be able to maintain insurance at commercially acceptable premium levels, or at all.

If any significant accident, judgment, claim (or a series of claims) or other event is not fully insured or indemnified against, it could have a material adverse impact on our business, financial condition and results of operations. There can be no assurance as to the actual amount of these liabilities or the timing thereof. We cannot be certain that the outcome of any future litigation will not have a material adverse impact on our business and results of operations.

Employee benefit costs, including increasing health care costs for our employees, may adversely affect our business, results of operations and financial condition.

We seek to provide competitive employee benefit programs to our employees, including healthcare benefits. In recent years, costs for health care have increased more rapidly than general inflation in the U.S. economy. If this trend in health care costs continues, our cost to provide such benefits could increase, adversely impacting our profitability. Changes to health care regulations in the United States may also increase the cost to us of providing such benefits. Higher employee benefit costs could have an adverse effect on our business, results of operations and financial condition.

If we are unable to adequately protect our intellectual property, we may lose some of our competitive advantage.

Our success is determined in part by our ability to obtain United States and foreign patent protection for our technology and to preserve our trade secrets. Our ability to compete and the ability of our business to grow could suffer if our intellectual property rights are not adequately protected. There can be no assurance that our patent applications will result in patents being issued or that current or additional patents will afford protection against competitors. We rely on a combination of patents, copyrights, trademarks and trade secret protection and contractual rights to establish and protect our intellectual property. Further, Because of the differences in foreign trademark, patent and other laws concerning proprietary rights, our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States. Failure of our patents, copyrights, trademarks and trade secret protection, non-disclosure agreements and other measures to provide protection of our technology and our intellectual property rights could enable our competitors to more effectively compete with us and have an adverse effect on our business, financial condition and results of operations. In addition, our trade secrets and proprietary know-how may otherwise become known or be independently discovered by others. No guarantee can be given that others will not independently develop substantially equivalent proprietary information or techniques, or otherwise gain access to our proprietary technology.

We could become involved in intellectual property litigation, which is costly and could cause us to lose our intellectual property rights or subject us to liability.

Although we have received patents with respect to certain technologies of ours, there can be no assurance that these patents will afford us any meaningful protection. Although we believe that our use of the technology and products we developed and other trade secrets used in our operations do not infringe upon the rights of others, our use of the technology and trade secrets we developed may infringe upon the patents or intellectual property rights of others. In the event of infringement, we could, under certain circumstances, be required to obtain a license or modify aspects of the technology and trade secrets we developed or refrain from using same. We may not have the necessary financial resources to defend an infringement claim made against us, or be able to successfully terminate any infringement in a timely manner, upon acceptable terms and conditions, or at all. Moreover, if the patents, technology or trade secrets we developed or use in our business are deemed to infringe upon the rights of others, we could, under certain circumstances, become liable for damages, which could have a material adverse effect on us and our financial condition. As we continue to market our products, we could encounter patent barriers that are not known today. Furthermore, third parties may assert that our intellectual property rights are invalid, which could result in significant expenditures by us to refute such assertions. If we become involved in litigation, we could lose our proprietary rights, be subject to damages, and incur substantial unexpected operating expenses. Intellectual property litigation is expensive and time-consuming, even if the claims are subsequently proven unfounded, and could divert management's attention from our business. If there is a successful claim of infringement, we may not be able to develop non-infringing technology or enter into royalty or license agreements on acceptable terms, if at all. If we are unsuccessful in defending claims that our intellectual property rights are invalid, we may not be able to enter into royalty or license agreements on acceptable terms, if at all. This could prohibit us from providing our products and services to customers, which could have a material adverse effect on us and our financial condition.

We are subject to the risk that our financial reporting is inaccurate or misleading.

Effective internal controls are necessary for us to provide reliable financial information. While we have implemented policies and controls regarding financial reporting, the integration of our IT systems, policies and controls may have a material adverse effect on our ability to produce and provide management with timely, reliable, accurate and up-to-date financial information on the development of the business operations and, thereby, lead to wrong decisions or actions by management. Inaccurate or misleading financial reporting could also cause investors and other third parties to lose confidence in our reported financial information, which could have a material adverse effect on our business, financial condition and results of operations.

New developments in packaging could affect our profitability.

The packaging industry is constantly evolving based on both industry-member and consumer preferences, and to the extent that any such new developments result in a decrease in the utilization of labels, our profitability could be adversely affected.

The Sponsor owns the majority of our equity, and its interests may not be aligned with yours.

The Sponsor indirectly owns the majority of our fully diluted equity and, therefore, has the power to control our affairs and policies. The Sponsor also controls, to a large degree, the election of directors, the appointment of management, the entry into mergers, sales of substantially all of our assets, and other extraordinary transactions. The directors so elected will have authority, subject to the terms of our debt (including the Notes), to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of the Sponsor could conflict with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of the Sponsor and certain of its affiliates as equity holders might conflict with your interests as a holder of the Notes. The Sponsor may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to you as a holder of the Notes.

Additionally, the Sponsor is in the business of making investments in companies and, from time to time in the future, may acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. The Sponsor may also pursue acquisition opportunities that may be complementary to our business and, as a result, these acquisition opportunities may not be available to us.

Additionally, investment funds advised by entities affiliated with the Sponsor may purchase Notes in this offering at a purchase price per Note equal to the issue price set forth on the cover page of this offering memorandum. The purchase agreement between the Issuer and the initial purchasers will not restrict the ability of the funds and the affiliates of the Sponsor to buy or sell the Notes in the future and, as a result, these investment funds and affiliates of the Sponsor may buy or sell Notes in open market transactions at any time following the consummation of this offering.

We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA.

We have made adjustments to EBITDA to calculate Adjusted EBITDA and Pro Forma Adjusted EBITDA. These adjustments reflect certain items related to our business strategy, including the implementation of certain operational improvement initiatives, and some of them may not comply with the SEC's rules governing the use of non-GAAP financial measures. See "Use of Non-GAAP Financial Measures," footnote (3) under "Summary—Summary Historical Consolidated Financial Information and Other Data."

For example, in calculating Adjusted EBITDA, we have added back, among other things, certain restructuring costs and other unusual and/or non-recurring items, and will in the future add back acquisition-related costs. Our ability to realize the expected benefit or cost savings associated with the adjustments included or permitted by the Indenture, the indentures governing the Opco Notes and the Credit Agreements to be included when calculating Pro Forma Adjusted EBITDA, including our adjustments for run-rate cost savings identified in calculating Pro Forma Adjusted EBITDA in "Summary—Summary Historical Consolidated Financial Information and Other Data," depends on factors beyond our control, such as operating difficulties, increased operating costs, competitors and customers, delays in implementing initiatives, the incurrence of other unexpected costs associated with operating our business, our ability to integrate businesses that we acquire and general economic or market conditions. We cannot assure you that we will be successful in generating growth, maintaining or increasing our cash flows or profitability or achieving cost savings in connection with the items reflected in these adjustments. Moreover, our continued implementation of these initiatives may disrupt our operations and performance and our estimated cost savings from these initiatives are based on several assumptions that may prove to be inaccurate and, as a result, we cannot assure you that we will realize these cost savings. If, for any reason, the benefits we realize are less than our estimates or our improvement initiatives adversely affect our operations or cost more than we have projected or take longer to implement than we have projected, or if our assumptions prove inaccurate, our results of operations may be materially adversely affected. We cannot assure you that Adjusted EBITDA or Pro Forma Adjusted EBITDA will reflect the actual benefit of the related adjustments.

The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations.

The Acquisition involved the integration of LABL's and Multi-Color's operations, and there are uncertainties and challenges inherent with this integration which may cause the anticipated benefits of the Acquisition not being fully realized or taking longer to realize than expected. We devote significant management attention and resources to integrating LABL's and Multi-Color's operations. Delays or unexpected difficulties in the integration process could adversely affect our business, financial condition or results of operations. Issues that must be addressed in integrating operations include, among other things:

- conforming standards, controls, procedures and policies, business cultures and compensation;
- consolidating corporate and administrative infrastructures;
- consolidating sales and marketing operations;
- retaining existing customers and attracting new customers;
- retaining key employees;
- identifying and eliminating redundant and underperforming operations and assets;
- minimizing the diversion of management's attention from ongoing business concerns;
- coordinating geographically dispersed organizations; and
- managing tax costs or inefficiencies associated with integrating operations.

Even if we are able to integrate our operations successfully, this integration may not result in the realization of the full benefits of synergies, cost savings and operational efficiencies that we expect or the achievement of these benefits within a reasonable period of time.

Risks Related to the Notes and Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition, limit our ability to raise additional capital to fund our operations and prevent us from fulfilling our obligations under the Notes and our other indebtedness.

After this offering, we will have a significant amount of indebtedness. As a result of our substantial indebtedness, a significant amount of our cash flows will be required to pay interest and principal on our outstanding indebtedness, and we may not generate sufficient cash flows from operations, or have future borrowings available under the ABL Credit Facility, to enable us to repay our indebtedness, including the Notes, or to fund our other liquidity needs. As of June 30, 2020, after giving effect to the issuance of the Notes offered hereby, we would have had total indebtedness of $3,184.9 million, including the Notes, the Opco Notes and borrowings under our Senior Secured Credit Facilities, and we would have had unused commitments under the ABL Credit Facility available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding).

Subject to the limits contained in the indentures governing our Opco Notes, the Credit Agreements and our other debt instruments, and to be contained in the Indenture, we may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions or for other purposes. If we do so, the risks related to our high level of debt would further increase. Specifically, our high level of debt could have important consequences to us and the holders of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and market conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the Senior Secured Credit Facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the markets in which we compete and to changing business and economic conditions;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures in order to generate cash proceeds necessary to satisfy our debt obligations;
- impairing our ability to obtain additional financing in the future;
- preventing us from raising the funds necessary to repurchase all Notes tendered to us upon the occurrence of certain changes of control, which failure to repurchase would constitute an event of default under the Indenture;

- placing us at a disadvantage compared to other, less leveraged competitors and affecting our ability to compete; and
- increasing our cost of borrowing.

We may not be able to generate sufficient cash flows from operations to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the Notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control. We might not be able to maintain a level of cash flows from operations sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the Notes. Additionally, we may not be able to obtain loans or other debt financings on commercially reasonable terms or at all. Even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Credit Agreements and the indentures governing our Opco Notes restrict, and the Indenture will restrict, our ability to dispose of assets and use the proceeds from such dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Because of these restrictions, we may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our business, financial position and results of operations and our ability to satisfy our obligations under the Notes.

Additionally, if we cannot make scheduled payments on our debt, we will be in default and holders of the Notes and the Opco Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Senior Secured Credit Facilities could terminate their commitments to loan additional money to us, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. Any or all of these events could result in your losing all or a part of your investment in the Notes.

In addition, we conduct substantially all of our operations through our subsidiaries. Accordingly, repayment of our indebtedness, including the Notes, is dependent on the generation of cash flows by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Certain of our subsidiaries are not guarantors of the Opco Notes or Senior Secured Credit Facilities and none are expected to become guarantors of the Notes offered hereby. Unless they are guarantors of our indebtedness, our subsidiaries do not have any obligation to pay amounts due on the Notes or our other indebtedness or to make funds available for that purpose. Our 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 subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the Opco Notes and the Credit Agreements limit, and the Indenture will limit, the ability of certain 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 qualifications and exceptions, and legal requirements may otherwise restrict our subsidiaries' ability to make dividends or other intercompany payments. 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 Issuer is the sole obligor under the Notes and is a holding company with no operations and may not have access to sufficient cash to make payments on the Notes.

The Issuer is the sole obligor under the Notes, and neither Holdings nor any of its subsidiaries will guarantee the Issuer's obligations under, or have any other obligations with respect to, the Notes. The Issuer is a holding company and has no direct operations. Its most significant assets are the equity interests that it directly and indirectly holds in its subsidiaries. As a result, we are dependent upon dividends and other payments from our subsidiaries to generate the funds necessary to meet our outstanding debt service and other obligations and such dividends may be restricted by law or the instruments governing our indebtedness, including the Indenture, the indentures governing the Opco Notes, the Credit Agreements or other agreements of our subsidiaries. The earnings of the Issuer's subsidiaries will depend substantially on their respective financial and operating results, which will be affected by prevailing economic and competitive conditions and by financial, business and other factors beyond the Issuer's and its subsidiaries' control. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the Notes. However, because the Notes are not guaranteed by any of the Issuer's subsidiaries, such subsidiaries will have no obligation to pay any amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, return of capital, loan or other payment. In addition, our subsidiaries are separate and distinct legal entities and any payments on dividends, distributions, loans or advances to us by our subsidiaries could be subject to legal and contractual restrictions on dividends. Furthermore, we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. Subject to certain qualifications, our subsidiaries are permitted under the terms of our indebtedness, including the Indenture, to incur additional indebtedness that may restrict payments from those subsidiaries to us. We cannot assure you that agreements governing the current and future indebtedness of our subsidiaries will permit those subsidiaries to provide us with sufficient cash to fund payments of principal, premiums, if any, and interest on the Notes when due.

The Notes will be the Issuer's general unsecured senior obligations, will rank senior in right of payment to any of the Issuer's future subordinated indebtedness, will rank equally in right of payment with any of the Issuer's future unsecured senior indebtedness, will be effectively subordinated to any of the Issuer's future secured indebtedness to the extent of the value of the collateral securing such indebtedness and will be structurally subordinated to all of the existing and future indebtedness and other liabilities of our subsidiaries, including borrowings under the Senior Secured Credit Facilities and the Opco Notes. The claims of creditors of Holdings and its subsidiaries will be required to be paid before the holders of the Notes have a claim (if any) against those entities and their assets. Therefore, if there was a dissolution, bankruptcy, liquidation reorganization, foreclosure, administration, insolvency or winding up of any such entity, the holders of the Notes would not receive any amounts with respect to the Notes from the assets of such entity until after the payment in full of the claims of creditors (including preferred stockholders) of such entity. As a result, holders of the Notes may receive less, ratably, than holders of such indebtedness of Holdings or its subsidiaries or if the holders of such indebtedness are not paid in full, may not recover any amount at all. In addition, depending on the type of proceeding initiated, holders of the Notes may be stayed from exercising their rights under the Notes pursuant to a court order or applicable law. For the LTM Period, the Issuer's subsidiaries accounted for 100% of its total net revenue and held approximately 100% of its total assets and approximately 100% of its total liabilities (prior to issuance of the Notes offered hereby).

We will need to repay or refinance borrowings under the ABL Credit Facility prior to maturity of the Notes. Failure to do so could have a material adverse effect upon us.

Our ABL Credit Facility will mature in 2024, prior to the maturity of the Notes offered hereby. As of June 30, 2020, we would had unused commitments under the ABL Credit Facility available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding). See "Capitalization" and "Description of Other Indebtedness."

Consequently, prior to the maturity of the Notes, we will need to repay, refinance, replace or otherwise extend the maturity of the ABL Credit Facility. Our ability to repay, refinance, replace or extend will be dependent on, among other things, business conditions, our financial performance and the general condition of the financial markets. If a financial disruption were to occur at the time that we are required to repay, refinance or replace indebtedness outstanding under the ABL Credit Facility, we could be forced to undertake alternate financings, negotiate for an extension of the maturity of the ABL Credit Facility or sell assets and delay capital expenditures in order to generate proceeds that could be used to repay indebtedness under the ABL Credit Facility. We cannot assure you that we will be able to consummate any such transaction on terms that are commercially reasonable, on terms acceptable to us or at all. Our failure to repay, refinance, replace or otherwise extend the maturity of the ABL Credit Facility could result in an event of default under the Indenture, the indentures governing the Opco Notes and the Credit Agreements, which could lead to an acceleration or repayment of substantially all of our outstanding debt.

Despite our level of indebtedness, we and our subsidiaries may still incur substantially more debt. This could further exacerbate the risks to our financial condition described above and impair our ability to operate our business.

We and our subsidiaries may incur significant additional indebtedness in the future. Although the indentures governing the Opco Notes and the Credit Agreements contain, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions. The additional indebtedness we may incur in compliance with these restrictions could be substantial. If we incur any additional indebtedness that ranks equally with the Notes, the holders of that debt will be entitled to share ratably with holders of the Notes (or in the case of *pari passu* secured debt, senior to such holders, to the extent of the value of the assets securing such indebtedness) in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our Company. This could reduce the amount of proceeds paid to you. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness (including, among others, trade payables and other expenses incurred in the ordinary course of business). In addition, as of June 30, 2020, we had unused commitments under the ABL Credit Facility available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding). Additionally, pursuant to the Senior Secured Credit Facilities we have the option to raise incremental term loans or increase our ABL Credit Facility commitments by certain amounts pursuant to the Credit Agreements. Such increases would be secured indebtedness. If new debt is added to our current debt levels, the related risks that we now face would increase, including the risk that we will be unable to repay the Notes. Additionally, the indentures governing the Opco Notes and the Credit Agreements permit, and the Indenture will permit, us to pay dividends or make other restricted payments in the future. Any dividends or other restricted payments will reduce the cash available to service our indebtedness and to pay Cash Interest on the Notes offered hereby, and the related risks that we face would increase. See “Description of Other Indebtedness” and “Description of Unsecured Notes” and “Description of Notes.”

The Issuer in its sole discretion may elect to pay interest on the Notes by increasing the principal amount or issuing additional Notes rather than cash.

The Issuer may elect to accrue and pay either all or a portion of the interest due on the Notes for any interest period by either increasing the principal amount of the outstanding Notes or by issuing new Notes for the entire amount of the interest payment in lieu of paying interest in cash (in whole or in part), thereby increasing the aggregate principal amount of the Notes. As such, holders of the Notes could potentially receive no Cash Interest on the Notes, despite possibly having to recognize interest on an accrual basis for applicable income tax purposes.

The terms of the indentures governing the Opco Notes and the Credit Agreements impose, and the Indenture will impose, restrictions that may limit our current and future operating flexibility, particularly our ability to respond to changes in the economy or our industry or to take certain actions, which could harm our long-term interests and may limit our ability to make payments on the Notes.

The indentures governing the Opco Notes and the Credit Agreements contain, and the Indenture will contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability and the ability of our subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, repurchase or redeem, capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into agreements containing prohibitions affecting our subsidiaries' ability to pay dividends;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions might hinder our ability to grow in accordance with our strategies. With respect to the ABL Credit Facility, we are also required by a springing financial covenant to, on any date when Global Availability (as such term is defined in the ABL Credit Agreement) is less than the greater of (i) 10% of the aggregate revolving commitments under the ABL Credit Facility at such time and (ii) $20.0 million, maintain a minimum fixed charge coverage ratio of 1.00 to 1.00, tested for the four fiscal quarter period ending on the last day of the most recently ended fiscal quarter for which financials have been delivered, and at the end of each succeeding fiscal quarter thereafter until the date on which Global Availability has been equal to or greater than the greater of (x) 10% of the aggregate revolving commitments under the ABL Credit Facility at such time, and (y) $20.0 million for 30 consecutive calendar days. Our ability to meet the financial covenant could be affected by events beyond our control.

A breach of the covenants under the indentures governing the Opco Notes, the Credit Agreements or the Indenture could result in an event of default under the applicable indebtedness. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt that is subject to an applicable cross-acceleration or cross-default provision. In addition, an event of default under the Credit Agreements would permit the lenders under the Senior Secured Credit Facilities to terminate all commitments to extend further credit under the Senior Secured Credit Facilities. Furthermore, if we were unable to repay the amounts due and payable under the Secured Opco Notes or Senior Secured Credit Facilities, the collateral agent under the indenture governing the Secured Opco Notes or the lenders under the Senior Secured Credit Facilities could proceed against the collateral securing such indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the Senior Secured Credit Facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed may remain the same, and our profit and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming that the ABL Credit Facility is fully drawn, each one-eighth percentage point change in interest rates would result in a change of approximately $1.9 million in annual interest expense on the indebtedness under the Senior Secured Credit Facilities. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, it is possible that we will not maintain interest rate swaps with respect to any of our variable rate indebtedness. Alternatively, any swaps we enter into may not fully or effectively mitigate our interest rate risk.

Changes in the method of determining London Interbank Offered Rate ("LIBOR"), or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to our Senior Secured Credit Facilities.

Amounts drawn under our Senior Secured Credit Facilities may bear interest rates in relation to LIBOR, depending on our selection of repayment options. On July 27, 2017, the Financial Conduct Authority ("FCA") in the U.K. announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve is considering replacing U.S. dollar LIBOR with a newly created index called the Broad Treasury Financing Rate, calculated with a broad set of short-term repurchase agreements backed by treasury securities. If LIBOR ceases to exist, we may need to renegotiate certain provisions of the Senior Secured Credit Facilities and may not be able to do so with terms that are favorable to us. The overall financing market may be disrupted as a result of the phase-out or replacement of LIBOR. Disruption in the financial market or the inability to renegotiate the Senior Secured Credit Facilities with favorable terms could have a material adverse effect on our business, financial position, and operating results.

We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sale offer.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest to, but excluding, the repurchase date. In addition, the Credit Agreements and the indentures governing the Opco Notes may limit or prohibit the Issuer's subsidiaries' ability to make cash available to the Issuer, by dividend, debt repayment or otherwise, to enable the Issuer to purchase the Notes in the event of a change of control or if an asset sale offer is required, unless and until the indebtedness under the Senior Secured Credit Facilities and the Opco Notes are repaid in full and any other indebtedness that contains similar provisions is repaid, or we obtain a waiver from the holders of such indebtedness to provide the Issuer with sufficient cash to repurchase the Notes. Additionally, under the ABL Credit Agreement and the Term Loan Credit Agreement, a change of control, as defined in each of the Credit Agreements, constitutes an event of default that permits the lenders to, among other actions, accelerate the maturity of any outstanding borrowings under the Senior Secured Credit Facilities and terminate their commitments to lend. The source of funds for any repurchase of the Notes and repayment of borrowings under the Senior Secured Credit Facilities would be available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the Notes upon a change of control because we may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control and repay our other indebtedness that will become due at such time. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. If we fail to repurchase the Notes of any series in that circumstance, we will be in default under the Indenture. Further, the Issuer's ability to repurchase the Notes may be limited by law. In order to avoid the obligations to repurchase the Notes and events of default and potential breaches of each of the Credit Agreements, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

In addition, some important corporate events, such as leveraged recapitalizations or the sale of our company to a public company that does not have a majority shareholder, may not, under the Indenture, constitute a "change of control" that would require us to repurchase the Notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Notes. See "Description of Notes—Repurchase at the Option of Holders—Change of Control."

Moreover, in certain circumstances specified in the Indenture, we will be required to commence an asset sale offer, as defined under the Indenture, pursuant to which we will be obligated to offer to purchase the applicable Notes at a price equal to 100% of their principal amount plus accrued and unpaid interest. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."

The exercise by the holders of the Notes of their right to require us to repurchase the Notes pursuant to a change of control offer or asset sale offer could cause a default under the agreements governing our other indebtedness, including future agreements, even if the change of control or asset sale itself does not, due to the financial effect of such repurchases on us. In the event a change of control offer or asset sale is required to be made at a time when we are prohibited from purchasing Notes, we could attempt to refinance the borrowings that contain such prohibitions. If we do not obtain consent or repay those borrowings, we will remain prohibited from purchasing the Notes. In that case, our failure to purchase tendered Notes would constitute an event of default under the Indenture, which could, in turn, constitute a default under our other indebtedness. Finally, our ability to pay cash to the holders of the Notes upon a repurchase may be limited by our then existing financial resources.

Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of "change of control" in the Indenture includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law and the judicial 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 such Notes as a result of a sale, assignment, lease, conveyance or other disposition of less than all of our and our subsidiaries' assets, taken as a whole, to another person or group is uncertain. 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.

The Issuer may redeem your Notes at any time, which may adversely affect your return.

As described under "Description of Notes—Optional Redemption," we have the right to redeem the Notes in whole or in part beginning on , 2021, at the applicable redemption prices set forth herein. At any time prior to , 2021, we may also redeem (1) the Notes in whole or in part at a redemption price of 100% of the principal amount being redeemed, plus the applicable make-whole premium and accrued and unpaid interest, and (2) up to 40% of the Notes at a redemption price of % of the principal amount being redeemed, plus accrued and unpaid interest, using an amount not to exceed the proceeds of certain equity offerings, so long as at least the lesser of (x) 50% of the aggregate principal amount of the Notes then outstanding and (y) $200 million aggregate principal amount of Notes remains outstanding (except to the extent all remaining Notes are otherwise repurchased or redeemed at such time in accordance with the terms of the Indenture). We may also redeem the remaining outstanding Notes in whole or in part in connection with any tender offer or other offer to purchase the Notes (including pursuant to a change of control or asset sale offer under the Indenture), if not less than 90% in aggregate principal amount of the outstanding Notes are purchased by the Issuer, or any third party purchasing or acquiring the Notes in lieu of the Issuer, at the price paid to holders in such purchase, plus accrued and unpaid interest. Furthermore, at any time on or after , 2021, we may redeem all or a specified portion of the Notes in connection with an initial public offering or merger with a publicly traded company at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, provided that, in the event less than all of the Notes are redeemed, at least the lesser of (x) 33 1/3% of the aggregate principal amount of such series of Notes then outstanding and (y) $200 million aggregate principal amount of Notes remains outstanding. On or after , 2021, we may redeem all (but not less than all) of the Notes then outstanding in connection with a company sale transaction at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. We may choose to exercise these redemption rights when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Fraudulent transfer or fraudulent conveyance laws may permit a court to void the Notes or payments made thereunder and, if that occurs, you may not receive any payments on the Notes.

The Issuer intends to use a portion of the net proceeds from the sale of the notes to effect a return or capital to its shareholders as described under "Use of Proceeds." Fraudulent transfer and conveyance laws may apply to the issuance of the Notes. Under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), and other fraudulent transfer or conveyance laws, which may vary from state to state and jurisdiction to jurisdiction, the Notes could be voided as a fraudulent transfer or conveyance if the Issuer (a) is determined to have issued the Notes with the intent of hindering, delaying or defrauding creditors or (b) received less than reasonably equivalent value or fair consideration in return for issuing the Notes and, in the case of (b) only, one or more of the following is also true at the time thereof:

- the Issuer was insolvent or rendered insolvent by reason of the issuance of the Notes;
- the issuance of the Notes left the Issuer with an unreasonably small amount of capital or assets to carry on the business engaged in or contemplated;
- the Issuer intended to, or believed that the Issuer would, incur debts beyond the Issuer's ability to pay as they mature; or
- the Issuer was a defendant in an action for money damages, or had a judgment for money damages docketed against the Issuer if, in either case, the judgment is unsatisfied after final judgment.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is secured or satisfied.

Courts in different jurisdictions may measure solvency differently, such that we cannot be certain as to the standards a court would use to determine whether or not the Issuer was insolvent at the relevant time or, regardless of the standard that a court uses, that it would not determine that the Issuer was indeed insolvent on that date, that any payments to the holders of the Notes did not constitute preferences, fraudulent transfers or conveyances on other grounds, or whether the Notes would be subordinated to the Issuer's other debt. In general, however, a court would deem an entity insolvent if:

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

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent and prospective liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

If a court were to find that the issuance of the Notes was a fraudulent transfer or conveyance, the court could void the payment obligations under the Notes or could subordinate the Notes to presently existing and future indebtedness of the Issuer. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the Notes, or may receive only a partial repayment. Further, the avoidance of the Notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of that debt.

In addition, any payment by the Issuer pursuant to the Notes made at a time the Issuer was found to be insolvent could be voided and required to be returned to the Issuer or to a fund for the benefit of the Issuer's creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any non-insider party, and such payment would give such insider or non-insider party more than such party would have received in a distribution under the Bankruptcy Code in a hypothetical Chapter 7 case, subject to applicable defenses.

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 (1) the holder of the Notes engaged in some type of inequitable conduct, (2) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of the Notes and (3) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant, such as adverse changes in our business. A negative change in or an indication of a possible negative change in any of our ratings could have an adverse effect on the trading and market price of the Notes. A suspension, reduction or withdrawal at any time of any credit rating by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings, including the interest rate on the Senior Secured Credit Facilities, or result in higher borrowing costs. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell the Notes without a substantial discount.

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

Our debt currently has a non-investment grade rating, and any rating assigned could 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 in our business, warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the Notes.

Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell the Notes without a substantial discount.

The Indenture 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 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.

Many of the covenants contained in the Indenture will not be applicable during any period when the Notes are rated investment grade by Moody's and S&P and no default or event of default has occurred and is continuing.

Many of the covenants contained in the Indenture will not apply during any period when the Notes are rated investment grade by Moody's and S&P and no default or event of default has occurred and is continuing under the Indenture. These covenants restrict, among other things, our ability to pay dividends, incur debt and to enter into certain other transactions. We cannot assure you that the Notes will ever be rated investment grade, or that if they are rated investment grade, the Notes will maintain such ratings. However, suspension of these covenants would allow us to engage in certain actions that would not have been permitted while these covenants were in force, which actions may conflict with the interests of the holders of the Notes. Furthermore, the effects of any such actions that we take while these covenants are not in force will be permitted to remain in place even if the Notes are subsequently downgraded below investment grade and the covenants are reinstated. Any subsequent lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under U.S. federal or state 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. See "Transfer Restrictions." In addition, we will not be subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and holders of Notes will only be entitled to receive the information about us specified in "Description of Notes—Certain Covenants—Reports," including the information required by Rule 144A(d)(4) under the Securities Act.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and an active trading market may not develop for the Notes.

The Notes will be a new issue of securities for which there is no established trading market. We expect the Notes to be eligible for trading by "qualified institutional buyers," as defined under Rule 144A, but we do not intend to list the Notes on any national securities exchange or include the Notes in any automated quotation system. The initial purchasers of the Notes have advised us that they intend to make a market the Notes, as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to make a market in the Notes and, if commenced, may discontinue their market-making activities at any time without notice.

Therefore, an active market for the Notes may not develop or be maintained, which would adversely affect the market price and liquidity of the Notes. In that case, the holders of the Notes may not be able to sell their Notes at a particular time or at a favorable price, if at all. If a trading market were to develop, future trading prices of the Notes may be volatile and will depend on many factors, including:

- the number of holders of Notes;
- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market for them; and
- the market for similar securities.

Even if an active trading market for the Notes does develop, there is no guarantee that it will continue. Historically, the market for non-investment grade debt has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The market, if any, for the Notes may experience similar disruptions, and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

We will not be subject to the Sarbanes-Oxley Act of 2002 and, therefore, will not be required to provide a management report of our internal controls.

Because we will not register the Notes under the Securities Act after this offering, we will not be subject to the Sarbanes-Oxley Act of 2002, 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. The Securities Act 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 might not have procedures comparable to public companies.

Although we have developed and monitor our internal control over financial reporting, all internal controls systems, no matter how well-designed, have inherent limitations. In the course of our internal controls evaluation, we seek to identify data errors or control problems and to confirm that appropriate corrective action, including process improvements, are being undertaken. The overall goals of these various evaluation activities are to monitor our internal controls over financial reporting and to make modifications as necessary. Our intent in this regard is that our internal controls over financial reporting will be maintained as dynamic systems that change (including with improvements and correction) as conditions warrant. Even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of changes in conditions, the effectiveness of internal controls may vary over time. We cannot be certain that our internal control systems will be adequate or effective in preventing fraud or human error in the future or that new deficiencies of a material nature will not evolve and which we may be unable to correct. Any failure in the effectiveness of our internal controls over financial reporting could have a material effect on our financial reporting or cause us to fail to meet reporting obligations, which could negatively impair our ability to execute our business strategy and have an adverse impact on the price of the Notes offered hereby.

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 this offering of the Notes with the SEC. In particular, this offering memorandum does not comply with SEC requirements regarding the presentation of a ratio of earnings to fixed charges, does not contain certain executive compensation information that would be required in a registered offering and adjusts certain non-GAAP financial measures in a manner that may not be permitted in an SEC filing. See "—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Use of Non-GAAP Financial Measures." We urge you to consider this factor in connection with your evaluation of your investment in the Notes.

The Notes will be treated as having been issued with OID for U.S. federal income tax purposes.

Because no portion of the stated interest on the Notes is unconditionally payable in cash at least annually, no stated interest payments on the Notes will be treated as qualified stated interest for U.S. federal income tax purposes. As a result, the Notes will be treated as having been issued with OID for U.S. federal income tax purposes. There will be additional OID to the extent that the issue price of the Notes is less than their stated principal amount. Holders subject to U.S. federal income taxation will generally be required to include such OID in income (as ordinary income) as it accrues (on a constant yield to maturity basis) in advance of the receipt of cash payment to which such OID is attributable and regardless of such holders' regular method of accounting for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."

If a bankruptcy petition were filed by or against us, holders of the Notes may receive a lesser amount for their claim than they would have been entitled to receive under the Indenture.

If a bankruptcy petition were filed by or against us under the Bankruptcy Code after the issuance of the Notes, the claim by any holder of the Notes for the principal amount of the Notes may be limited to an amount equal to the sum of:

- the original issue price for the Notes; plus
- that portion of the original issue discount that does not constitute "unmatured interest" for purposes of the U.S. Bankruptcy Code (i.e., the portion of original issue discount that has amortized as of the bankruptcy filing).

Any OID that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the Notes under these circumstances may receive a lesser amount than they would be entitled to under the terms of the Indenture, even if sufficient funds are available.

USE OF PROCEEDS

We intend for the proceeds from this offering to be used to pay a dividend to the Issuer's shareholders and to pay certain fees, commissions and expenses related to the offering and the payment of the dividend.

CAPITALIZATION

The following table sets forth, as of June 30, 2020, the cash and cash equivalents and consolidated capitalization of LABL on:

- an actual basis; and
- an as adjusted basis to give effect to the offering of the Notes hereby and use of proceeds therefrom as if they had occurred on June 30, 2020.

The Issuer is a holding company and does not have any material operating, investing or financing activities, nor any independent assets or operations other than being a holding company for Holdings and its subsidiaries and has not had any material financing activities prior to the issuance of the Notes offered hereby. Accordingly, the balance sheet data of the Issuer is substantially identical for the dates for which financial information of LABL is presented below. As adjusted amounts reflect the impact of the offering of the Notes and the use of proceeds therefrom by the Issuer on the balance sheet data of LABL for illustrative purposes.

This table should be read in conjunction with the information presented under the captions "Summary—Summary Historical Consolidated Financial Information and Other Data," "Use of Proceeds," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited condensed consolidated financial statements and related notes included elsewhere in this offering memorandum.

	As of June 30, 2020	
($ in millions)	**Actual**	**As Adjusted**
Cash and cash equivalents	$ 122.5	$ 122.5
Debt:		
Term Loan Facility(1)	1,197.0	1,197.0
ABL Credit Facility(2)	65.0	65.0
Unsecured Opco Notes	690.0	690.0
Secured Opco Notes	700.0	700.0
Notes offered hereby (3)	—	500.0
Finance leases and certain other indebtedness(4)	32.9	32.9
Total debt	2,684.9	$3,184.9
Total stockholders' equity	333.7	(166.3)
Total capitalization	$3,018.6	$3,018.6

(1) As of June 30, 2020, our Term Loan Facility consists of (a) a U.S. dollar tranche in an aggregate principal amount of $635.2 million and (b) a Euro-denominated tranche in an aggregate principal amount equal to the Euro-equivalent of $561.8 million. See "Description of Other Indebtedness."

(2) Our ABL Credit Facility provides for commitments of $300.0 million. As of June 30, 2020, had unused commitments available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding). See "Description of Other Indebtedness."

(3) Reflects the aggregate principal amount of the Notes offered hereby.

(4) Amount includes approximately $32.5 million of finance leases and approximately $0.4 million of certain other subsidiary indebtedness.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth our selected historical consolidated financial and other operating data for the periods and dates indicated, which you should read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and notes thereto and the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this offering memorandum. This offering memorandum includes historical consolidated financial statements and certain financial data of LABL and Multi-Color, each an indirect subsidiary of the Issuer, and their respective consolidated subsidiaries, in lieu of consolidated financial statements and financial data for the Issuer. The Issuer is a holding company and does not have any material operating, investing or financing activities, nor any independent assets or operations other than being a holding company for LABL and its subsidiaries and has not had any material financing activities prior to the issuance of the Notes offered hereby. Accordingly, the consolidated financial statements of the Issuer are substantially identical for the periods for which financial information of LABL is presented in this offering memorandum.

The consolidated balance sheet data of LABL as of December 31, 2019 and 2018 (Successor) and the statements of operations and cash flow data of LABL for the twelve months ended December 31, 2019 and 2018 have been derived from the audited consolidated financial statements of LABL included elsewhere in this offering memorandum. The consolidated balance sheet data of LABL as of June 30, 2020 and the condensed consolidated statements of operations and cash flow data of LABL for the six months ended June 30, 2020 and 2019 have been derived from the unaudited condensed consolidated financial statements of LABL as of and for the six months ended June 30, 2020 included elsewhere in this offering memorandum.

The balance sheet data of Multi-Color as of December 31, 2018 have been derived from the unaudited consolidated financial statements of Multi-Color not included in this offering memorandum. The statements of operations data of Multi-Color for the twelve-months ended December 31, 2018 have been calculated by subtracting the unaudited statements of operations data of Multi-Color for the nine months ended December 31, 2017 from the audited statements of operations data of Multi-Color for the year ended March 31, 2018 and then adding the unaudited statements of operations data of Multi-Color for the nine months ended December 31, 2018. The balance sheet data of Multi-Color as of June 30, 2019 and the statements of operations data of Multi-Color for the six months ended June 30, 2019 have been derived from the unaudited consolidated financial statements of Multi-Color for the six months ended June 30, 2019 included elsewhere in this offering memorandum.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the information set forth herein. Interim financial results are not necessarily indicative of results for the full year or any future reporting period. Where noted certain items from LABL's consolidated audited financial statements and unaudited condensed consolidated financial statements included elsewhere in this offering memorandum have been combined for ease of reference in the summary historical consolidated financial information set forth below.

We have presented the consolidated statements of operations and cash flows data for the twelve months ended December 31, 2018 on a combined basis, which does not comply with GAAP. This data has been calculated by adding the results of operations and cash flow data for the Predecessor period from January 1, 2018 to February 5, 2018 to the results of operations and cash flow data for the Successor periods from February 6, 2018 to June 30, 2018 and from July 1, 2018 to December 31, 2018. Although LABL began operations on the closing date of the W/S Acquisition, transaction expenses related to the W/S Acquisition were incurred during the period from January 1, 2018 to February 5, 2018 and are included in the consolidated statement of operations for the twelve months ended December 31, 2018.

The Successor consolidated interim financial statements are based on LABL's accounting for the W/S Acquisition, which was accounted for as a business combination using the acquisition method outlined in ASC 805, reflecting the fair values of the assets acquired and liabilities assumed. See "Basis of Presentation."

The historical results presented below are not necessarily indicative of what our financial position, results of operations and cash flows may be in the future. This information is only a summary and should be read in conjunction with “Basis of Presentation,” “Risk Factors,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited consolidated financial statements and unaudited condensed consolidated financial statements and the accompanying notes appearing elsewhere in this offering memorandum, as well as the other financial information included in this offering memorandum.

	Multi-Color	LABL			LABL		Multi-Color	LABL	
($ in thousands)	Twelve months ended December 31,	Period from January 1, 2018 to February 5, 2018	Period from February 6, 2018 to June 30, 2018	Period from July 1, 2018 to December 31, 2018	Twelve months ended December 31,	Twelve months ended December 31,	Six months ended June 30,	Six months ended June 30,	
	2018	Predecessor	Successor	Successor	2018	2019	2019	2019	2020
Statements of operations data:									
Net revenues	$1,737,787	$ 36,289	$ 173,858	$221,219	$ 431,366	$ 1,261,519	$ 874,515	$212,661	$1,034,478
Cost of revenues	1,409,544	31,906	145,328	176,791	354,025	1,063,743	712,459	172,874	849,047
Gross profit	$ 328,243	$ 4,383	$ 28,530	$ 44,428	$ 77,341	$ 197,776	$ 162,056	$ 39,787	$ 185,431
Selling, general and administrative expenses	146,534	7,313	27,877	33,223	68,413	150,394	81,148	32,957	86,130
Facility closure expenses	730	—	1,632	295	1,927	2,131	632	72	5,861
Goodwill impairment	—	—	—	—	—	—	99,155	—	—
Transaction and integration costs	11,333	10,589	12,249	1,468	24,306	65,141	533	9,833	12,998
Impairment loss on intangible assets	—	—	—	—	—	28,000	—	—	—
Operating income (loss)	$ 169,646	$(13,519)	$ (13,228)	$ 9,442	$ (17,305)	$ (47,890)	$ (19,412)	$ (3,075)	$ 80,442
Interest expense	76,260	1,715	6,997	13,193	21.905	139,039	36,972	13,383	100,772
Loss on extinguishment of debt	—	—	—	—	—	34,366	—	—	—
Other expense (income), net	2,022	(49)	(261)	436	126	(9,556)	(64)	(326)	1,431
Income (loss) before income taxes	$ 91,364	$(15,185)	$ (19,964)	$ (4,187)	$ (39,336)	$ (211,739)	$ (56,320)	$ (16,132)	$ (21,761)
Income tax expense (benefit)	15,938	(3,288)	(3,990)	(1,133)	(8,411)	(54,076)	7,987	(2,528)	8,219
Net income (loss)	$ 75,426	$(11,897)	$ (15,974)	$ (3,054)	$ (30,925)	$ (157,663)	$ (64,307)	$ (13,604)	$ (29,980)
Less: Net income attributable to non-controlling interests	123	9	91	238	338	1,179	323	324	531
Net income (loss) attributable to LABL or Multi-Color, as applicable	$ 75,303	$(11,906)	$ (16,065)	$ (3,292)	$ (31,263)	$ (158,842)	$ (64,630)	$ (13,928)	$ (30,511)
Balance sheet data (at end of period):									
Cash and cash equivalents	$ 51,750				$ 19,499	$ 80,178	$ 48,619		$ 122,490
Total assets	$2,737,785				$ 489,013	$ 3,580,540	$2,651,739		$3,716,733
Total indebtedness[(1)]	$1,543,419				$ 255,532	$ 2,539,047	$1,541,460		$2,605,251
Total liabilities	$2,012,998				$ 389,562	$ 3,183,353	$1,999,352		$3,383,001
Total stockholder’s equity	$ 724,787				$ 99,451	$ 397,187	$ 652,387		$ 333,732
Cash flows data:									
Net cash provided by (used in):									
Operating activities	$ 142,159	$ 5,036	$ 28,614	$ 1,712	$ 35,362	$ 6,929	$ 39,977	$ 3,057	$ 45,163
Investing activities	(71,689)	(965)	(376,425)	(1,759)	(379,149)	(1,702,918)	(35,642)	(4,820)	(40,096)
Financing activities	(93,637)	(2,447)	367,276	(4,127)	360,702	1,757,271	(7,342)	(524)	39,088

($ in thousands)	Multi-Color	LABL			LABL		Multi-Color	LABL	
	Twelve months ended December 31,	Period from January 1, 2018 to February 5, 2018	Period from February 6, 2018 to June 30, 2018	Period from July 1, 2018 to December 31, 2018	Twelve months ended December 31,	Twelve months ended December 31,	Six months ended June 30,	Six months ended June 30,	
	2018	Predecessor	Successor	Successor	2018	2019	2019	2019	2020
Statements of operations data:									
Capital expenditures(2)	(84,252)	(985)	(5,874)	(7,788)	(14,647)	(35,907)	(36,140)	(4,920)	(33,466)

(1) Total indebtedness is presented net of unamortized discounts and deferred financing costs. Without giving effect to unamortized discounts and deferred financing costs, pro forma total indebtedness is expected to be $3,184.9 million.

(2) Represents cash used in "Capital expenditures" as reflected in our audited consolidated and unaudited condensed consolidated statements of cash flows.

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

In this section, the terms "we," "our," "ours," "us" and the "Company" refer, collectively, to LABL and its consolidated subsidiaries. For discussion of the significant impact of the Acquisition on our financial position, results of operations and cash flows, see note 4 to our audited financial statements included elsewhere in this offering memorandum. Readers should read the following discussion and analysis in conjunction with "Selected Historical Financial Information" and the historical financial statements and related notes included elsewhere in this offering memorandum. This discussion and analysis contains forward-looking statements regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements that are based on management's current expectations, estimates and projections about our business and operations. Actual results may differ materially from those contained in or implied by any forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the "Cautionary Statement Regarding Forward-Looking Statements," "Use of Non-GAAP Financial Measures" and "Risk Factors" sections of this offering memorandum.

You should read the following discussion of our financial condition and results of operations together with the sections entitled "Basis of Presentation," "Summary—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors," "Selected Historical Financial Information" and our audited consolidated financial statements and the accompanying notes included elsewhere in this offering memorandum and the audited and unaudited consolidated financial statements of Multi-Color and the accompanying notes included elsewhere in this offering memorandum, as well as the other financial information included herein. Unless otherwise indicated, dollar amounts in this section are presented in thousands.

Executive Overview

We are a leading global provider of label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. We serve international brand owners in North America, South America, Europe, Africa, Australia, New Zealand and the Asia Pacific region with a comprehensive range of the latest label technologies in Pressure Sensitive, In-Mold, Cut and Stack, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. Our headquarters are in Cincinnati, Ohio.

On February 5, 2018, Holdings acquired 100% of the outstanding capital stock of W/S Packaging ("Predecessor") via a reverse triangular merger of WS Labels Merger Corporation, a wholly-owned subsidiary of Holdings, with and into W/S Packaging, with W/S Packaging ("Successor" or "LABL") as the surviving entity.

In the results of operations below, W/S Packaging and subsidiaries for all periods through February 5, 2018 are referred to as Predecessor financial statements. Effective as of June 3, 2019, W/S Packaging Holdings, Inc. (Successor) was renamed LABL, Inc. The accompanying consolidated financial statements for LABL for all periods subsequent to February 5, 2018 are referred to as the Successor consolidated financial statements.

On July 1, 2019, LABL acquired Multi-Color and the business was merged with LABL. Results for the twelve months ended December 31, 2019 and the six months ended June 30, 2020 include results of the merged businesses of LABL and Multi-Color (the "merged businesses"), in the case of the twelve months ended December 31, 2019, from July 1, 2019. The prior year periods, in each case, only include results of LABL. To assist investors in assessing our performance on a period over period basis both before and after the Acquisition, we have included a discussion of the financial results of Multi-Color prior to the Acquisition ("legacy MCC").

Results of Operations

Six Months Ended June 30, 2020 compared to the Six Months Ended June 30, 2019:

Net Revenues

	Six months ended June 30,			
	2020	2019	$ Change	% Change
Net revenues	$1,034,478	$212,661	$821,817	386%

Net revenues for the six months ended June 30, 2020 were $1,034,478 compared to $212,661 in the six months ended June 30, 2019. The net revenues increase was primarily due to the Acquisition with $832,710 of net revenues during the current year period, partially offset by a decline in organic revenues of $10,893, primarily due to lower volumes in the three months ended June 30, 2020, with certain customers related to COVID-19.

Net revenues decreased for legacy MCC by $41,805 from $874,515 in the six months ended June 30, 2019. Foreign exchange rates, primarily driven by depreciation of the Euro, Mexican Peso, Australian Dollar and the South African Rand, led to a $24,058 decrease in revenues year over year. Legacy MCC organic revenues declined by $17,747 primarily due to lower volumes with certain customers in the alcoholic beverage markets in Europe, the U.K. and Africa related to COVID-19.

Cost of Revenues and Gross Profit

	Six months ended June 30,			
	2020	2019	$ Change	% Change
Cost of revenues	$849,047	$172,874	$676,173	391%
% of Net revenues	82.1%	81.3%		
Gross Profit	$185,431	$ 39,787	$145,644	366%
% of Net revenues	17.9%	18.7%		

Cost of revenues were $849,047 in the current year period from $172,874 in the six months ended June 30, 2019, primarily due to the acquisition of Multi-Color, which contributed $690,818 to cost of revenues in the current year period, offset by a decrease in cost of revenues related to LABL of $14,645 due to operational efficiencies at LABL and synergies associated with the merged businesses.

Cost of revenues for legacy MCC decreased by $21,641 compared to $712,459 in the six months ended June 30, 2019, primarily due to a combination of foreign exchange, lower volume with certain customers related to COVID-19, operational improvements and synergies, partially offset by higher depreciation expense.

Gross profit was $185,431 for the six months ended June 30, 2020 compared to $39,787 in the six months ended June 30, 2019, primarily due to the acquisition of Multi-Color, which contributed $141,892 to gross profit in the current year period. The remaining increase in gross profit of $3,752 related to operational efficiencies at LABL and synergies of the merged businesses. Gross margins were 17.9% of net revenues in the current year period compared to 18.7% in the prior year period.

Gross profit for legacy MCC decreased by $20,164 from $162,056 in the six months ended June 30, 2019, primarily due to a $13,165 increase in depreciation expense as a result of the revaluation of fixed assets to their fair value as part of purchase accounting related to the acquisition of Multi-Color. The remaining reduction in gross profit of $6,999 primarily relates to lower volumes with certain customers related to COVID-19 partially offset by operational improvements and integration synergies.

Selling, General and Administrative ("SG&A") Expenses, Facility Closure Expenses and Transaction, Integration and Restructuring Costs

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Selling, general and administrative expenses	$86,130	$32,957	$53,173	161%
% of Net revenues	8.3%	15.5%		
Facility closure expenses	$ 5,861	$ 72	$ 5,789	8,040%
% of Net revenues	0.6%	0.0%		
Transaction, integration and restructuring costs	$12,998	$ 9,833	$ 3,165	32%
% of Net revenues	1.3%	4.6%		

SG&A expenses were $86,130 in six months ended June 30, 2020 compared to $32,957 in the six months ended June 30, 2019, primarily due to the acquisition of Multi-Color, which contributed $57,583 of SG&A expenses during the current year period, partially offset by decreases at LABL of $4,410 for LABL-related integration and harmonization activities. Amortization expense for the Company was $22,636, or 2% of net revenues for the current year period, compared to $3,386, or 2% of net revenues in the prior year period. SG&A expenses of 8.3% of net revenues for the current year period compared to 15.5% in the prior year period due to the acquisition of Multi-Color, as legacy MCC had lower SG&A relative to legacy LABL. We expect SG&A expenses to continue to be maintained as current levels as LABL harmonizes and merges processes, despite higher amortization related to Acquisition-related identifiable intangible assets.

SG&A expenses for legacy MCC decreased by $23,565 from $81,148 in the six months ended June 30, 2019. SG&A expenses for the six months ended June 30, 2019 included strategic review costs of $8,271 associated with the sale of Multi-Color, which did not recur in 2020. Amortization of intangible expenses reduced by $1,856 compared to the prior period due to revaluation of intangibles to their fair value as part of purchase accounting related to the acquisition of Multi-Color. The remaining decrease in SG&A primarily related to headcount reductions and integration savings, including take-private synergies.

Facility closure expenses were $5,861 in the current year period compared to $72 in the prior year period primarily related to the closure of our manufacturing facilities in Franklin, PA, Heath, OH, Green Bay, WI, Rochester, NY, Barossa, Australia and the merger of our facilities in Jakarta and Bekasi, Indonesia.

Facility closure expenses for legacy MCC in the six months ended June 30, 2019 were $632, primarily related to the closure of our manufacturing facility in Cowansville, Canada and the consolidation of our manufacturing facility in Merignac, France into our plant in Libourne, France.

In the six months ended June 30, 2020, the Company incurred $12,998 of transaction, integration and restructuring costs compared to $9,833 in the six months ended June 30, 2019. In the current year period, these expenses primarily related to the integration of Multi-Color with LABL operations commencing July 1, 2019. In the prior year period, these expenses primarily related to the acquisition of Multi-Color by Platinum.

Transaction, integration and restructuring costs for legacy MCC in the six months ended June 30, 2019 were $533, primarily related to integration of a prior acquisition of Constantia Labels into Multi-Color.

Interest Expense and Other Expense (Income), Net

	Six months ended June 30, 2020	Six months ended June 30, 2019	$ Change	% Change
Interest expense	$100,772	$13,383	$87,389	653%
Other expense (income), net	$ 1,431	$ (326)	$ 1,757	539%

Interest expense was $100,772 in the six months ended June 30, 2020 compared to $13,383 in the six months ended June 30, 2019 primarily due to the increase in debt borrowings to finance the Acquisition.

Interest expense for legacy MCC in the six months ended June 30, 2019 was $36,972, reflecting the capital structure of Multi-Color prior to the Acquisition.

Other expense, net, was $1,431 in the six months ended June 30, 2020 compared to other income, net of $(326) in the six months ended June 30, 2019, primarily related to gains on foreign exchange, including $448 in relation to intercompany loans.

Other expense, net, for legacy MCC in the six months ended June 30, 2019 was $(64), primarily driven by foreign exchange gains and losses.

Income Tax Expense (Benefit)

	Six months ended June 30,			
	2020	**2019**	**$ Change**	**% Change**
Income tax expense (benefit)	$8,219	$(2,528)	$10,747	425%

Income tax expense was $8,219 in the six months ended June 30, 2020 compared to an income tax benefit of $(2,528) in the six months ended June 30, 2019 primarily due to a valuation allowance recorded related to the limitation of the deductibility of interest, partially offset by a tax benefit from the Coronavirus Aid, Relief, and Economic Security Act.

Income tax expense for legacy MCC in the six months ended June 30, 2019 was $7,987.

Twelve Months Ended December 31, 2019 compared to the Twelve Months Ended December 31, 2018:

Net Revenues

	Twelve Months Ended December 31,			
	2019	**2018**	**$ Change**	**% Change**
Net revenues	$1,261,519	$431,366	$830,153	192%

Net revenues were $1,261,519 for the twelve months ended December 31, 2019, including twelve months for LABL and six months for Multi-Color, compared to $431,366 for LABL for the twelve months ended December 31, 2018. The revenue increase was primarily due to the acquisition of Multi-Color with $846,075 of net revenues during the current year period, partially offset by lower volumes and the timing of promotional net revenues at LABL.

Net revenues for legacy MCC in the twelve months ended December 2018 were $1,737,787. Organic revenue growth for the twelve months ended December 31, 2019 was 1%, net of the impact of price concessions associated with a major contract renewal in North America. Foreign exchange rates, primarily driven by depreciation of the Euro and the Australian Dollar led to a 3% decrease in revenues year over year.

Cost of Revenues and Gross Profit

	Twelve Months Ended December 31,			
	2019	**2018**	**$ Change**	**% Change**
Cost of revenues	$1,063,743	$354,025	$709,718	200%
% of Net revenues	84.3%	82.1%		
Gross profit	$ 197,776	$ 77,341	$120,435	156%
% of Net revenues	15.7%	17.9%		

Cost of revenues were $1,063,743 for the twelve months ended December 31, 2019 compared to $354,025 for the twelve months ended December 31, 2018 primarily due to the acquisition of Multi-Color on July 1, 2019 with $721,293 of cost of revenues for the twelve months ended December 31, 2019, including $14,974 of incremental cost related to the inventory valuation step up under purchase accounting. Excluding this incremental cost, cost of revenues for the current year period would have been 83.1% of net revenues.

Cost of revenues for legacy MCC in the twelve months ended December 31, 2019 were $1,418,777 or 82.5% of net revenues compared to $1,409,544 or 81.1% of net revenues in the twelve months ended December 31, 2018 primarily driven by the impact of price concessions of a major contract renewal in North America, partially offset by operating improvements and synergy savings.

Gross profit was $197,776 for the twelve months ended December 31, 2019 compared to $77,341 for the twelve months ended December 31, 2018 primarily due to the acquisition of Multi-Color in the current year, which contributed $124,817 to gross profit net of $14,974 of incremental cost related to the inventory valuation step up under purchase accounting. Excluding this incremental cost, gross margins were 16.9% of net revenues for the current year period compared to 17.9% for the twelve months ended December 31, 2018.

Gross profit for legacy MCC in the twelve months ended December 31, 2019 was $301,848 or 17.5% of net revenues compared to $328,243 or 18.9% of net revenues in the twelve months ended December 31, 2018. Depreciation expense as a result of the revaluation of fixed assets to their fair value as part of purchase accounting related to the acquisition of Multi-Color decreased gross profit by $3,532. The remaining reduction in gross profit of $22,864 was primarily due to the impact of price concessions associated with a major contract renewal in North America, partially offset by operating improvements and synergy savings.

Operating Expenses

	Twelve Months Ended December 31,			
	2019	**2018**	**$ Change**	**% Change**
Selling, general and administrative expenses	$150,394	$68,413	$82,350	121%
% of Net revenues	11.9%	15.9%		
Facility closure expenses	$ 2,131	$ 1,927	$ 204	11%
% of Net revenues	0.2%	0.4%		
Transaction and integration costs	$ 65,141	$24,306	$40,835	168%
% of Net revenues	5.2%	5.6%		
Impairment loss on intangible assets	$ 28,000	$ —	$28,000	—
% of Net revenues	2.2%	—		

SG&A expenses were $150,394 for the twelve months ended December 31, 2019 compared to $68,413 for the twelve months ended December 31, 2018 primarily due to the acquisition of Multi-Color, which contributed with $88,965 of SG&A expenses during the period, including $35,232 of amortization of identifiable intangible assets. Amortization expense for the Company was $42,004 or 3% of net revenues for the twelve-month period. SG&A expenses of 11.9% of net revenues for the current year period compared to 15.9% for the twelve months ended December 31, 2018 primarily due to the acquisition of Multi-Color, as legacy MCC had lower SG&A relative to legacy LABL. We expect SG&A expenses to continue to trend downward as LABL harmonizes and merges processes, despite higher amortization related to acquisition-related identifiable intangible assets.

SG&A expenses for legacy MCC in the twelve months ended December 31, 2019 were $165,065 or 9.5% of net revenues compared to 146,534 or 8.4% of net revenues in the twelve months ended December 31, 2018. SG&A expenses for the twelve months ended December 31, 2019 included strategic review costs of $8,441 associated with the sale of Multi-Color. Amortization of intangible expenses increased by $12,874 year over year due to reevaluation of intangibles to their fair value as part of purchase accounting related to the acquisition of Multi-Color. The remaining decrease in SG&A is primarily related to headcount reductions and integration savings, including take-private synergies.

Facility closure expenses were $2,131 in the twelve months ended December 31, 2019 compared to $1,927 for the twelve months ended December 31, 2018. The current period expenses primarily related to the closure of our manufacturing facilities in Green Bay, WI and Rochester, NY. Expenses in the prior year periods related to closure of our manufacturing facility in Peachtree City, GA.

Facility closure expenses for legacy MCC in the twelve months ended December 31, 2018 were $730, primarily related to the closure of a manufacturing facility in Cowansville, Canada and the consolidation of a manufacturing facility in Merignac, France into a plant in Libourne, France.

In the twelve months ended December 31, 2019, the Company incurred $65,141 of transaction and integration costs compared to $24,306 for the twelve months ended December 31, 2018. In the current year, these expenses primarily related to the acquisition of Multi-Color on July 1, 2019. In the prior year, these expenses primarily related to the acquisition of LABL by Platinum.

Transaction and integration costs for legacy MCC in the twelve months ended December 31, 2018 were $11,333, primarily related to the acquisition of Constantia Labels by Multi-Color.

Identifiable intangible asset impairment was $28,000 for the year ended December 31, 2019 primarily due to abandonment of the W/S Packaging trademark and related impairment of the W/S Packaging trade name upon the acquisition of Multi-Color.

Interest Expense and Other (Income) Expense, Net

	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018	$ Change	% Change
Interest expense	$139,039	$21,905	$120,557	652%
Other (income) expense, net	$ (9,556)	$ 126	$ (9,773)	4,504%

Interest expense was $139,039 for the twelve months ended December 31, 2019 compared to $21,905 for the twelve months ended December 31, 2018 primarily due to the increase in debt borrowings to finance the the Acquisition.

Interest expense for legacy MCC in the twelve months ended December 31, 2018 was $76,260, reflecting the capital structure of Multi-Color prior to the Acquisition.

Other income, net was $9,556 for the twelve months ended December 31, 2019 compared to other expense, net of $217 for the twelve months ended December 31, 2018. Other income, net in the current year primarily related to the value of contingent consideration adjustment related to a business acquired by legacy Multi-Color prior to its acquisition by LABL. Other expense, net in the prior periods was primarily due to retirements of property, plant and equipment.

Other income, net, for legacy MCC in the twelve months ended December 31, 2018 was $2,022, primarily driven by foreign exchange gains and losses.

Loss on extinguishment of debt

	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018	$ Change	% Change
Loss on extinguishment of debt	$34,366	$—	$34,366	—

In conjunction with the repayment of the Multi-Color's previously outstanding senior notes with an aggregate principal amount of $850,000 on July 1, 2019, the Company incurred a net loss on extinguishment of debt of $1,154. Additionally, the Company incurred breakage fees related to a special call provision for LABL's previously outstanding senior notes of $22,928 and wrote off $10,284 of related debt issuance costs.

Income Tax Benefit

	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2019	$ Change	% Change
Income tax benefit	$(54,076)	$(8,411)	$(45,665)	543%

Income tax benefit was $54,076 in the twelve months ended December 31, 2019 compared to $8,411 for the twelve months ended December 31, 2018 primarily due to a taxable post-acquisition loss driven by transaction and integration costs related to the acquisition of Multi-Color and related interest expense.

Income tax benefit for legacy MCC in the twelve months ended December 31, 2018 was $15,938.

Liquidity and Capital Resources

Comparative Cash Flow Analysis

Six Month Ended June 30, 2020 compared to the Six Months Ended June 30, 2019:

Through the six months ended June 30, 2020, net cash provided by operating activities was $45,163 compared to net cash provided by operating activities of $3,057 in the same period of the prior year. Net loss adjusted for non-cash expenses consisting primarily of depreciation, amortization of intangible assets, amortization of debt issuance costs and discounts and impairment losses on long-lived assets was $55,797 in the current year period compared to $(1,073) in the same period of the prior year. Our use of cash from operating assets and liabilities of $10,634 in the six months ended June 30, 2020 decreased from a source of cash of $4,130 in the same period of the prior year.

Through the six months ended June 30, 2020, net cash used in investing activities was $40,096 compared to $4,820 in the same period of the prior year. Capital expenditures, primarily funded by cash flows from operations, totaled $33,466 in the current year period compared to $4,920 in the same period of the prior year. Proceeds from the sale of property, plant and equipment totaled $139 in the current year compared to $100 in the same quarter of the prior year. On June 17, 2020, we entered into a promissory note of $6,769 with a related party, which is reflected as a use of cash within investing activities for the six months ended June 30, 2020.

Through the six months ended June 30, 2020, net cash provided by financing activities was $39,088, which included $58,835 of net debt borrowings partially offset by debt issuance costs of $651, deferred payments of $1,096 and a distribution to stockholders of $18,000. Through the six months ended June 30, 2019, net cash used in financing activities was $524, which consisted of net debt payments.

Twelve Months Ended December 31, 2019 compared to the Twelve Months Ended June 30, 2018:

Net cash provided by operating activities through the twelve months ended December 31, 2019 was $6,929 compared to $39,109 for the twelve months ended June 30, 2018. Net loss adjusted for non-cash expenses consisting primarily of deferred income taxes, identifiable intangible asset impairment, loss on extinguishment of debt, depreciation and amortization was $(33,765) for the twelve months ended December 31, 2019 compared to $(2,862) for the twelve months ended June 30, 2018. Our source of cash from operating assets and liabilities for the twelve months ended December 31, 2019 totaled $40,694 compared to $41,971 for the twelve months ended June 30, 2018.

Net cash used in investing activities through the twelve months ended December 31, 2019 was $1,702,918 compared to $383,942 for the twelve months ended June 30, 2018. Capital expenditures totaled $35,907 for the twelve months ended December 31, 2019 compared to $13,502 for the twelve months ended June 30, 2018. Net cash used to acquire Multi-Color totaled $1,667,479 for the twelve months ended December 31, 2019 compared to cash used to acquire W/S Packaging of $370,744 for the twelve months ended June 30, 2018. We received $468 and $304 in cash proceeds for the sale of property, plant and equipment during the twelve months ended December 31, 2019 and June 30, 2018, respectively.

Net cash provided by financing activities through the twelve months ended December 31, 2019 was $1,757,271 compared to $368,412 for the twelve months ended June 30, 2018. Net debt borrowings totaled $1,397,793 in the twelve months ended December 31, 2019 compared to $261,071 for the twelve months ended June 30, 2018. Borrowings increased in the twelve months ended December 31, 2019 primarily due to the issuance of the Opco Notes and the Term Loan Facility. Cash provided by the issuance of stock and capital contributions totaled $455,106 in the twelve months ended December 31, 2019 compared to $395,034 for the twelve months ended June 30, 2018. Debt issuance costs associated with the issuance of the Opco Notes and Term Loan Facility totaled $88,628 in the twelve months ended December 31, 2019 compared to $13,723 related to the 9.00% Bonds for the twelve months ended June 30, 2018. Distributions to our stockholders totaled $7,000 and $273,970 during the twelve months ended December 31, 2019 and June 30, 2018, respectively.

Liquidity

Historically, our liquidity requirements have principally been the payment of operating expenses, capital expenditures and scheduled principal and interest payments on our indebtedness. We have historically funded these liquidity requirements primarily from cash generated by our operations and borrowings under our credit facilities.

In addition to our outstanding indebtedness as of June 30, 2020, following the issuance of the Notes, our liquidity requirements will also include servicing the additional $500 million of indebtedness represented thereby.

We anticipate that our cash flows from operations, cash on hand and availability under the ABL Credit Facility will be sufficient to fund our liquidity requirements after the issuance of the Notes offered hereby. However, our ability to service our indebtedness and to fund our other liquidity requirements will depend on our ability to generate and access cash in the future. This is subject to general economic, financial, contractual, competitive, legislative, regulatory and other factors, some of which are beyond our control, as well as the factors described in "Risk Factors."

We or our affiliates may from time to time seek to repurchase or retire the Notes or our other indebtedness (including the Term Loan Facility) through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity, contractual restrictions and other factors. The amounts involved may be material. For more information including the materials terms with respect to the Senior Secured Credit Facilities, the Opco Notes and the Notes, see "Description of Other Indebtedness" and "Description of Notes."

Contractual Obligations

The following table summarizes the Company's contractual obligations as of June 30, 2020:

	Total	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
Long-term debt	$2,652,401	$ 6,641	$ 6,560	$ 6,400	$ 6,400	$ 71,400	$2,555,000
Finance leases	39,096	5,722	4,287	4,915	3,604	3,258	17,310
Interest on long-term debt(1)	1,153,004	179,068	178,341	178,320	178,970	178,596	259,709
Rent due under operating leases	178,564	30,265	27,594	24,801	19,654	16,076	60,174
Unconditional purchase obligations	38,922	38,743	151	26	2	—	—
Unrecognized tax benefits(2)	—	—	—	—	—	—	—
Deferred purchase price	1,894	1,894	—	—	—	—	—
Total contractual obligations	$4,063,881	$262,333	$216,933	$214,462	$208,630	$269,330	$2,892,193

(1) Interest on floating rate debt was estimated using projected forward London Interbank Offered Rate (LIBOR) and Euro Interbank Offered Rate (EURIBOR) as of June 30, 2020.

(2) The table excludes $9,552 of liabilities related to unrecognized tax benefits as the timing and extent of such payments are not determinable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as of June 30, 2020 or December 31, 2019.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. We continually evaluate our estimates, including, but not limited to, those related to operating lease assets and liabilities, revenue recognition, bad debts, inventories and any related reserves, income taxes, fixed assets, goodwill and intangible assets. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the facts and circumstances. Actual results may differ from these estimates under different assumptions or conditions. For a description of our critical accounting policies and estimates, see note 2 to our audited consolidated financial statements included elsewhere in this offering memorandum.

New Accounting Pronouncements

For a discussion of new accounting pronouncements, see Note 2 to our audited consolidated financial statements included elsewhere in this offering memorandum.

Quantitative and Qualitative Disclosures About Market Risk

Overview

Our business and financial results are affected by fluctuations in world financial markets, including interest rates and foreign currency exchange rates. We may in the future utilize derivative financial instruments (including LIBOR swap arrangements), among other methods, to hedge some of these exposures. We do not use derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

We are exposed to market risks from changes in interest rates on certain of our outstanding debt. Our principal interest rate exposure relates to amounts outstanding under our Term Loan Facility and our ABL Credit Facility, which bear interest at variables rates plus a margin, based on our consolidated secured net leverage ratio.

Foreign Currency Risk

Foreign currency exchange risk arises from our international operations as well as from transactions with customers or suppliers denominated in currencies other than the U.S. dollar. The functional currency of each of the Company's subsidiaries is generally the currency of the country in which the subsidiary operates or the U.S. dollar. The results of operations of our foreign subsidiaries are translated into U.S. dollars at the average exchange rate for each monthly period. As foreign exchange rates change, there are changes to the U.S. dollar equivalent of sales and expenses denominated in foreign currencies.

Multi-Color enters into foreign exchange forward contracts to fix the purchase price in U.S. dollars of foreign currency denominated raw materials. These forward contracts are designated as cash flow hedges with gains and losses, net of tax, measured on an ongoing basis, recorded in accumulated other comprehensive income (loss). In the future, we may terminate these foreign exchange forward contracts or enter into additional foreign currency hedging arrangements to hedge against such exposure.

Credit Risk

We are exposed to credit risk on accounts receivable balances. This risk is mitigated due to our large, diverse customer base, dispersed over various geographic regions and industrial sectors. For the LTM Period, one customer accounted for approximately 7% of our consolidated sales. We maintain provisions for potential credit losses and such losses to date have normally been within our expectations. We evaluate the solvency of our customers on an ongoing basis to determine if additional allowances for doubtful accounts receivable need to be recorded. Significant economic disruptions or a slowdown in the economy could result in additional charges.

Commodity Price Risk

The primary raw materials that we use are paper and ink. To reduce price risk caused by market fluctuations, we have incorporated price adjustment clauses in certain sales contracts. Our management does not believe that changes in the price of paper and other raw materials would have a material effect on our consolidated annual results of operations or cash flows because these costs are generally passed through to our customers.

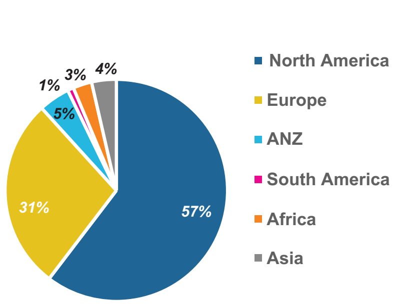
BUSINESS

Overview

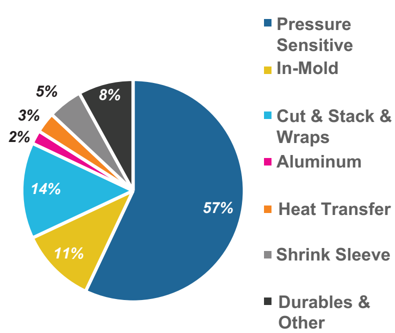
We are a leading global provider of label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. We serve international brand owners in North America, South America, Europe, Africa, Australia, New Zealand and the Asia Pacific region with a comprehensive range of the latest label technologies in Pressure Sensitive, In-Mold, Cut and Stack, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. Our headquarters are in Cincinnati, Ohio.

We believe that we are one of the largest pure-play label solutions providers globally. For the LTM Period, we generated net revenues of $2.1 billion and Pro Forma Adjusted EBITDA of $388 million, inclusive of $65 million of run-rate cost synergies and operational improvements that we expect to realize within 18 months of June 30, 2020. However, we cannot assure you we will be able to achieve these cost synergies and operational improvements by such date or at all. For more information about our anticipated cost synergies and operational improvements, including certain factors that may affect our ability to achieve such cost synergies and operational improvements, see footnote (3) under "Summary—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors—Risks Related to Our Business," "Risk Factors—Risks Related to Our Business—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Risk Factors—Risks Related to Our Business—The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations."

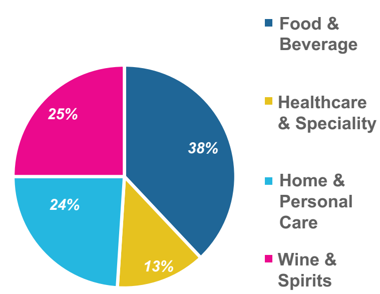
Net Revenues by Geography for the LTM Period



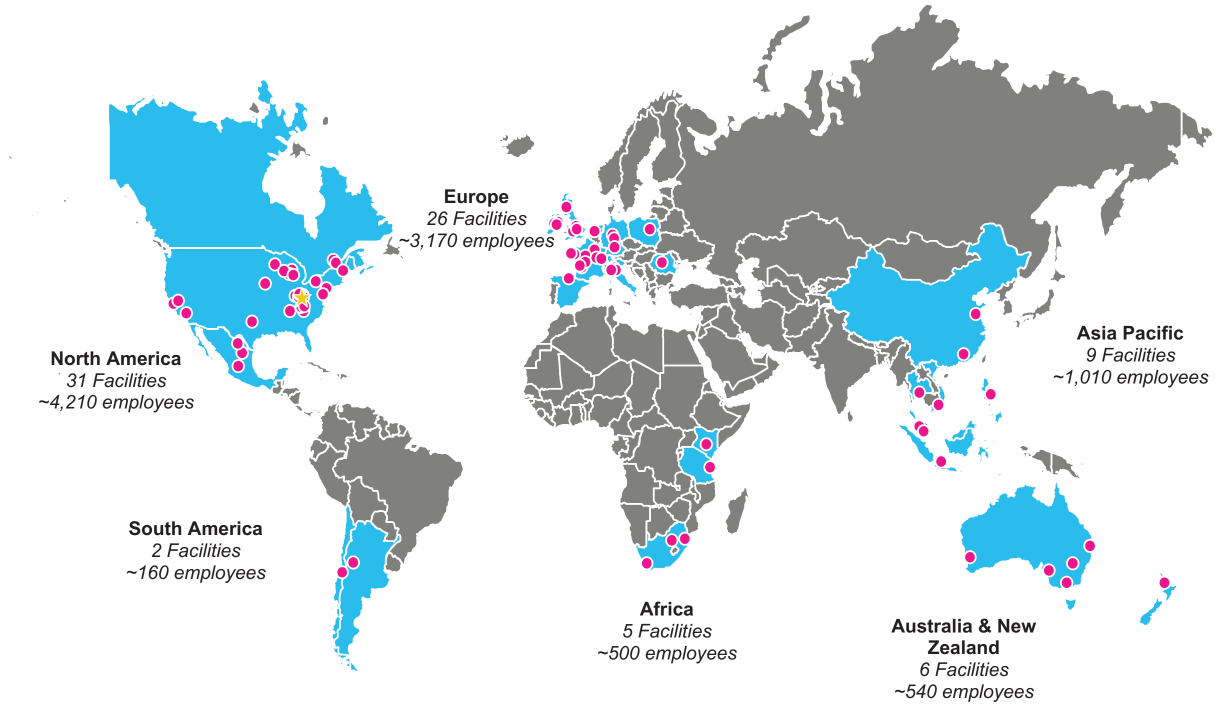
Net Revenues by Technology for the LTM Period



Net Revenues by End Market for the LTM Period



Global Footprint as of August 31, 2020



We manufacture our products in 79 facilities located in 27 countries across North America, South America, Europe, Australia, Africa and Asia. We believe we are a leading label supplier for the majority of our top ten customers and many of our other customers, making us an integral part of our customers' supply chain. We maintain long-term relationships with our customers, including at least 15 years with all of our top ten customers. We believe our customers' end markets are largely recession resilient as they are focused on consumer staple products. As of August 31, 2020, we had over 9,600 employees and served over 13,500 customers globally

We believe we have strong relationships with our major customers principally due to: (i) our reputation for quality and customer service; (ii) a complete line of innovative decorative label solutions; (iii) low-cost, flexible manufacturing capabilities; and (iv) our ability to offer a variety of technical and graphic services to our customers based on their specific needs and requirements. These factors enable us to compete in end markets where customer service, manufacturing flexibility and "one-stop-shop" capabilities are key competitive advantages.

We believe we have one of the broadest portfolios of labeling technologies in the industry, including: Pressure Sensitive, In-Mold, Cut and Stack, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. We believe that our broad label offering is a competitive advantage, allowing us to serve our customers' diverse label needs and grow along with their businesses. Furthermore, we believe we are one of the world's largest producers of high-quality pressure sensitive labels, which are among the most widely used due to their visually attractive and versatile characteristics. We have established a leading market position in the food & beverage, wine & spirits and home & personal care end markets, deriving approximately 87% of our net revenues for the LTM Period from these end markets.

We purchase proprietary products from a number of raw material suppliers. To prevent potential disruptions to our manufacturing facilities, we have developed relationships with more than one supply source for each of our critical raw materials. Our raw material suppliers are major corporations with reliable track records. We also leverage our in-house self-coating capabilities to manage any potential fluctuations in raw material sourcing. Certain of our customer agreements include mechanisms to pass on raw material price changes to customers.

We believe our consistent financial performance throughout economic cycles is attributable to disciplined top line growth, continued focus on margin improvement and the resilient end markets we serve. We have grown net revenues organically and through complementary acquisitions and have an established track record of successfully implementing manufacturing process improvements and integrating the operations we have acquired. We continue to pursue opportunities to increase operational efficiencies, including further implementation of lean manufacturing processes, raw material usage optimization, and other operational initiatives.

Our End Markets

We supply label solutions for our blue-chip customers' most prominent brands in the food & beverage, wine & spirits, home & personal care, and healthcare and specialty consumer products markets.

Food & Beverage (38% of LTM Period net revenues)

Food processors and beverage manufacturers rely heavily on label suppliers to provide colorful, robust, creative labels to attract customer attention, develop and maintain brand equity and help products stand out on crowded store shelves. In the food and beverage markets, we provide all types of product labels utilizing nearly every printing process that we own. Our labels are used for innovative applications that require complex colors, premium graphics (including regulatory and information requirements) and enhanced functionality.

Wine & Spirits (25% of LTM Period net revenues)

Labels are perhaps the most significant way in which wine and spirits producers establish, build and market their products' brand identities. As a result, wine and spirits producers tend to focus on ensuring that label suppliers can deliver excellent quality and design, often with short lead times.

Home & Personal Care (24% of LTM Period net revenues)

Within our home & personal care business, we provide labels for products ranging from shampoo to laundry detergents. Manufacturers of consumer products look to label vendors to create the image appeal and provide powerful support to the branding effort. Labels must provide function to the product as well as push the consumer to interact with the package. We provide graphically and visually seamless labels that combine brand images and regulatory requirements into an attractive package that interests and appeals to consumers.

Healthcare & Specialty (13% of LTM Period net revenues)

In addition to the above-mentioned core end markets, we continue to see growth potential in healthcare and other specialty end markets. We provide innovative labels to specialty markets such as pharmaceutical, automotive, agriculture and promotional items. Our customers in these markets place a premium on labeling solutions which deliver security, durability and versatility. As with every end market we serve, we focus on delivering high-end labels whose shelf appeal is integral to the products' marketing strategy while adhering to relevant regulatory requirements.

Our Product Portfolio

We believe that we are a leader across all major product categories with the ability to sell and deliver globally. Our product portfolio allows us to serve a wide breadth of end markets, driving our value proposition with existing customers and creating opportunities with new customers.

Pressure Sensitive Labels (57% of LTM Period net revenues)

Pressure sensitive labels are multi-layered, self-adhesive labels that differentiate brands and capture consumers' attention with their dynamic look and flexible applications. We offer customers a full line of pressure sensitive label products for a wide variety of applications. The label typically consists of four elements—a substrate, which may include paper, foil or plastic; an adhesive, which may be permanent or removable; a release coating; and a backing material to protect the adhesive against premature contact with other surfaces. Innovative features of this product include promotional neckbands, peel-away coupons, re-sealable labels, see-through window graphics, and holographic foil enhancements.

Pressure sensitive labels are the largest and highest growth category of the overall global label market and provide an extremely versatile, low-cost application that is able to produce sharp, bright colors in a wide variety of applications. We believe we are one of the world's largest producers of high-quality pressure sensitive labels and this market represents a significant growth opportunity for us.

In-Mold Labels (11% of LTM Period net revenues)

The in-mold label ("IML") process applies a label to a plastic container as the container is being formed in the mold cavity. The finished IML product is a finely detailed label that performs consistently well for plastic container manufacturers and adds marketing value and product security in a cost-effective manner for consumer product companies. We offer injection molding, blow molding and thermoforming technologies.

Each component of the IML production process requires a special expertise for success. We believe we are advantaged in the industry in that we manufacture IMLs on rotogravure, flexographic and lithographic printing presses. Technical innovations in this area include the use of peel away IML coupons, scented and holographic labels.

Cut & Stack and Roll-Fed Wrap Labels (14% of LTM Period net revenues)

"Cut & stack" (glue-applied) and roll-fed wrap labels are adhered to containers using an adhesive applied during the labeling process. Available in roll-fed and sheeted formats, the labels are an attractive and cost-effective choice for high volume applications. These labels can be produced on a wide variety of substrates and accommodate a comprehensive range of embellishments including foil stamping, embossing, metallic and unique varnish finishes.

Our innovations within glue-applied labels include peel-away promotional labels, thermochromics, holographic and metalized films. We also offer promotional products such as scratch-off coupons and static-clings.

Shrink Sleeve Labels (5% of LTM Period net revenues)

Shrink sleeve labels are produced in colorful, cutting edge styles and materials. The labels are manufactured as sleeves, slid over glass or plastic bottles and then heated to conform precisely to the contours of the container. This label type is increasingly popular with consumer goods companies such as beverage manufacturers as it allows for product differentiation, as well as having a 360-degree label and tamper resistant features. Demand in other end markets (including the food and personal care markets) continues to grow, broadening the market opportunities for shrink sleeve labels as a whole.

Heat Transfer Labels (3% of LTM Period net revenues)

Heat transfer labels ("HTL") are reverse printed and transferred from a special release liner onto the container using heat and pressure. The labels are a composition of inks and lacquers tailored to the customer's specific needs. These labels are printed and then shipped to blow molders and/or contract decorators who transfer the labels to the containers. Once applied, the labels are permanently adhered to the container.

Therimage is our pioneer heat transfer label technology developed primarily for applications involving plastic containers serving the home & personal care and food & beverage consumer markets. Additionally, our Clear Advantage brand enables us to provide premium graphics on both glass and plastic containers facilitating the highly sought after “no label” look. Our “ink only” and flameless HTL technology have increased our capabilities in this area.

Other (10% of LTM Period net revenues)

We also offer a variety of other labels, complementary products and solutions that help customers address other packaging needs and services. These products include aluminum labels, durables, printed cartons, coupons, instruction sheets and manuals, labeling equipment and Slot-Tickets for the gaming industry, among others. A majority of our customers that purchase our complementary products also purchase labels from us, evidencing the significant cross-sell opportunities of our product offering.

Industry Overview

The global labels market was estimated to be approximately $39.0 billion in 2018 according to Smithers Pira and is expected to grow to approximately $47.5 billion by 2023, at a CAGR of 4.0%. We participate in the prime label segment of the global labels market, which consists of labels that are used specifically to identify products on a store shelf or in a retail environment.

Labels are one of the most important and recognizable components of product identity and are key drivers of consumer preference and loyalty across a wide spectrum of end markets and applications. Labels are also used to convey consumer related information, provide a means of ensuring product integrity and security and also meet regulatory requirements. Recent global growth trends have seen the increasing relevance of emerging markets in Asia, South America, the Middle East, and Africa with many of the world’s largest label suppliers expanding operations through greenfield projects or acquisitions to support the geographic expansion of their global customers and capture additional growth opportunities resulting from increases in disposable income and changes to household consumption dynamics.

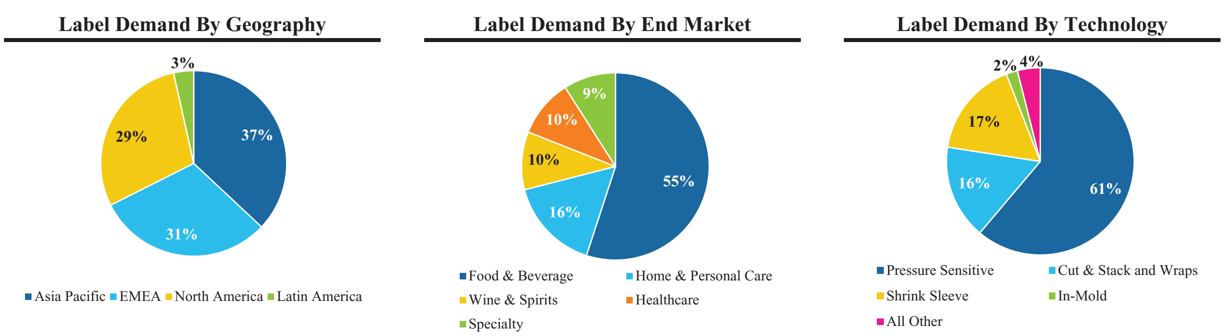
The label is typically one of the least expensive components of a product’s packaging but provides the largest impact to the consumer. Therefore, the label is more likely to be redesigned in a product life cycle before any other component of the packaging. Many consumer product sectors including the end markets in which we participate have multiple label redesigns per year for seasonal and promotional offerings. The growth in label redesigns is driven by increased market demand for customization, brand premiumization, sustainable packaging, and interactive packaging. Each redesign of a label is an opportunity to add value-added embellishments or special finishes to the label at an enhanced margin.

In general, the labels market’s growth is influenced by economic cycles, as well as other factors ranging from socioeconomic, demographic, and lifestyle changes to the development of new materials, improvements in labeling technologies and packaging trends within each of the end markets. However, as consumer and healthcare products represent the vast majority of applications for labels, label demand as a whole tends not to fluctuate as much as demand for discretionary items during periods of economic downturns. As a result, the labels industry has proved to be relatively recession resilient, experiencing steady growth generally in excess of global GDP since 2013, according to Smithers Pira.

The global labels market remains highly fragmented, with single plant manufacturers operating in a local market, or multi-plant manufacturers operating in certain regions, constituting the majority of the industry, with relatively few global label manufacturers. We believe that this highly fragmented market will continue to experience consolidation as suppliers attempt to capture natural competitive advantages provided by increased scale, as well as growing manufacturing platforms in line with the expansion of an increasingly global customer base.

We believe competitive trends over the next 5-10 years are set to focus mostly on technological improvements and industry consolidation. Emerging higher-value technologies such as digital printing and flexographic printing produce a quality product for individual unique labels while supporting reductions in waste and setting up for lower cost and better productivity. Furthermore, the advanced pressure-sensitive labels have become the most common label format, which we expect to benefit our technology mix. Combined with the effects of increasing industry consolidation, we believe that we have a unique opportunity to benefit from these trends as the expanded uses of high-value technologies drive innovation in the label industry and lead to improved margins over time.

Label Industry Breakdown (CY2017)



Source: Smithers Pira (2018) and management estimates.

Competitive Strengths

Differentiated global market leader in a highly fragmented market

We have established a leading position in the highly fragmented global label market and across our respective core segments and geographies. We believe we are one of the largest pure-play label suppliers by net revenue worldwide and we estimate we have the #1 market share in the global wine & spirits and food & beverage markets, and the #2 market share in the global home & personal care market. For the LTM Period, we derived approximately 87% of our net revenues from these markets. Additionally, we believe we have the #1 market share for the In-Mold label market globally. We are the only supplier able to offer nearly all label technologies (pressure sensitive, in-mold, cut & stack, roll-fed wraps, heat transfer, and shrink sleeve) and have a global reach across 79 locations in 27 countries uniquely positioning us to provide “best-in-class” service and products to customers of all sizes, including larger, more complex multi-national customers.

Our ability to consistently offer the highest quality product to our customers is also a key point of differentiation, supported by our innovative solutions, award-winning product quality, customer service, production capabilities, design experience and broad geographic footprint. Furthermore, our strategic partnerships with key vendors and customers, paired with our industry-leading research & development team and proprietary labeling technologies will allow us to continue to develop innovative solutions to meet our customers’ needs. Our scale and vertically integrated supply chain will also allow us to procure raw materials at meaningfully lower prices than small, independent label converters, which make up the majority of the label industry.

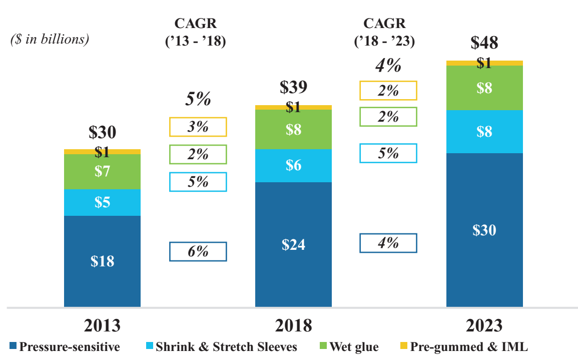
Highly relevant business with attractive industry and end market dynamics

We operate in a large, resilient and growing industry and are focused on leading products in strong end markets. Although labels represent only a small portion of a product's overall cost, they have a high impact by heavily influencing consumers' ultimate purchasing decisions. According to WestRock, 81% of consumers have tried a new product because the label / packaging caught their eye. Furthermore, we believe the industry is a defensive one as label applications are substrate-agnostic (plastic, glass, cans, etc.) and applicable across platforms (online or in-store). In developed markets, labels are increasingly important for differentiating products and conveying product information and disclosures, while rapid urbanization and growth in brick and mortars strengthen the impact of labels in developing markets.

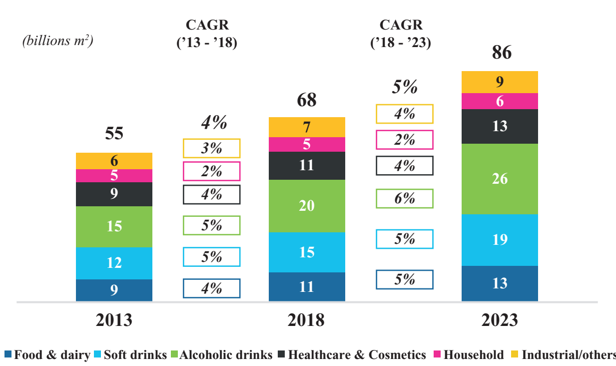
We have robust exposure to fast-growing technologies and end markets, most of which are expected to outpace global GDP from 2018 to 2023, according to Smithers Pira. The pressure sensitive market alone is expected to grow at approximately 4% per annum from 2018 to 2023, with growth driven by a continued transition from cut & stack to pressure sensitive labeling solutions. Recent advances in pressure sensitive have made it one of the most economically attractive labeling solutions, and we expect this widespread adoption to continue.

Our end market exposure is weighted towards growing segments with favorable trends. We are heavily focused on consumer staple end markets, such as food & beverage, wine & spirits and home & personal care, which historically have seen steady growth above GDP. Furthermore, recent trends such as SKU proliferation and increased emphasis on green initiatives and recyclability have driven demand for a wider array of labeling solutions and more frequent version releases, as well as opportunities for us to differentiate with our customers' brands.

Forecasted Global Market Value by Label Technology CAGR (2013-2018 & 2018-2023)



Forecasted Global Label Volume by End Market CAGR by End Market (2013-2018 & 2018-2023)



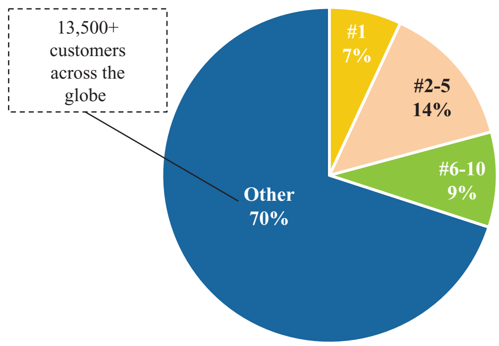
Source: Smithers Pira (2018)

Longstanding and diverse relationships with blue-chip customers

We believe that we are a key link in our customers' supply chains, due to our innovative solutions, award-winning product quality, customer service, production capabilities, design experience and broad geographic footprint. We have a history of fostering customer relationships as we partner in design and marketing processes and upgrade customers' labels with premium technologies. Our service model provides multiple touch points with customers, depending on their needs, from pre-sale through design, production and post-sale support. We have a diverse customer base of over 13,500 global customers, ranging from blue-chip multi-national conglomerates to smaller local accounts that typically require short-run orders.

The strength of our customer relationships are evidenced by the length of relationship we have with our top customers and the overall stability of our book of business with them, as well as our low customer churn. Our contracts with customers are typically on a brand-by-brand basis, with terms averaging two to four years. This contracted position supports steady and predictable net revenues, provided by customers catering to stable and growing end markets. We have a long history of maintaining accounts, with an average relationship of over 28 years with our top 10 customers. Our book of business remains strongly diversified, with our top 10 customers only accountable for 29% of our sales for the LTM Period, and our largest customer only accountable for 7% of our net revenues for the LTM Period. Outside of our top customer, no other accounts represent more than 4% of net revenues for the LTM Period.

Customer Base by Net Revenues for the LTM Period



Hard-to-replicate business model with global footprint and best in class assets

We possess state-of-the-art printing presses and a global footprint across 79 strategically located manufacturing facilities that enables us to effectively service customers of all sizes, ranging from the largest multi-national customers in the world to small local accounts. We believe our approximately 9,600 employees across our facilities provide us with unmatched local presence in key geographic regions across the globe, and the ability to shift products across plants to maximize manufacturing efficiency. Our scaled global platform allows us to remain close to our customers in multiple regions, drive responsive customer service, attain superior lead times and offer increased flexibility and frequent collaboration at the R&D and operational level. We are able to deliver multiple product types to our customers from multiple facilities, and in some instances, we embed employees in our customers' facilities to ensure the highest level of customer support.

We provide a full complement of printing technologies including flexographic, lithographic, rotogravure, combination/screen, plus in-house pre-press services, which we believe differentiates us from our competitors and positions us to serve customers across a wide variety of SKUs. Our recent investments in state-of-the-art printing presses have strengthened our leadership in technology and manufacturing capabilities. In the past five years, we have invested over $450 million in our global footprint, which allows us to differentiate our product capabilities and accommodate our growing sales pipeline. Furthermore, our highly experienced workforce positions us well to utilize our best in class assets to realize higher operational efficiencies by minimizing waste, optimizing printing speeds and workflow, reducing lead times and filling customer orders faster.

Recession-resilient business with a variable cost structure and consistent free cash flow

We believe our exposure to non-discretionary consumer staple end markets, as well as our variable cost structure, has allowed our business to recover quickly through recessionary periods. Our products are primarily sold in end markets such as food, beverage, consumer packaged goods, and pharmaceuticals, which we believe are less tied to discretionary spending than other end markets. For the LTM Period, we derived 87% of our net revenues from the food & beverage, wine & spirits, and home & personal care end markets.

We have a highly variable cost structure that provides meaningful downside protection. Approximately 73% of our costs are variable, which supports our scalable business model. Raw materials represented approximately 45% of our costs for the LTM Period. Pressure sensitive material is our largest raw material cost, followed by adhesives and ink. Our standard contracts with our customers allow us to adjust pricing on existing products based on changes in raw materials, and we believe our scale provides us with meaningful cost advantages over our independent operator competitors, which comprise the vast majority of the market. In addition, successful execution of our business strategy enables us to generate strong and consistent cash flows, which we believe will drive our ability to de-lever. We generated strong free cash flow of $259 million for the LTM Period, and we expect that we will continue to demonstrate steady cash flow generation as we continue to execute our business strategy, achieve operational improvements and realize synergies.

Experienced management team within the label industry

Our senior management team has deep expertise across all areas of the labeling space, with an average of over 18 years of industry experience. The management team has a successful track record of achieving profitable growth and successfully integrating acquisitions.

Our team is led by Chief Executive Officer, Nigel Vinecombe, who began working at Multi-Color in 2008, and has previously served as Executive Chairman of the Board, Chief Operating Officer and President of the International Business Unit. From 2000 to February 2008, he served as Group Managing Director of Collotype International Holdings Pty Ltd., a privately held Australian based wine & spirits and consumer products label manufacturer with operations in the United States and South Africa.

Mr. Vinecombe is supported by our Chief Financial Officer, Mrs. Sharon Birkett, who was appointed to the role in 2010. Mrs. Birkett joined Multi-Color as part of the Collotype acquisition in February 2008. At that time, she served as Collotype's Chief Financial Officer, a position she held since joining the company in 2003. Following the acquisition, she was appointed to the position of Vice President Finance, International. In February 2010 she was appointed as Multi-Color's Vice President Corporate Controller. Prior to Collotype, from 1998 to 2003, Ms. Birkett served as Director of Finance of Avery Dennison Materials Pty Ltd, a subsidiary of Avery Dennison Corporation. Prior to Avery Dennison, she held financial management positions with various companies.

Business Strategy

We believe we are one of the largest pure-play label providers in the world, and one of the few labeling platforms with the scale and expertise to serve customers of all sizes, including larger, more complex multi-national customers. By leveraging our scale, purchasing power and available capacity, we expect to have a greater ability to provide a broad array of resources and services to our customers. Furthermore, as a leader across a highly fragmented market, we expect to continue to grow as our customers seek to consolidate their supplier bases and improve their quality and consistency requirements. We believe consolidation within the label market will accelerate as larger competitors look to expand offerings and market share due to the significant benefits of scale.

We believe these market dynamics have created the opportunity for us to increase our market share with small to mid-size customers, leverage our short- and medium-run capabilities bolstered by the operational improvements and synergies we expect to continue to achieve. We expect our ability to add innovative and technically challenging features to our products will further increase, which we expect will in turn enhance our market leadership and value proposition with customers as they increasingly prefer vendors that can serve as a one-stop shop to address all their labeling needs.

We intend to capitalize on our leading market position in the global labels industry to continue to drive profitable growth and maximize our free cash flow generation. We seek to achieve this objective by executing on the following strategies:

Capture organic growth in core business segments

We serve attractive consumer goods end markets in segments exhibiting strong growth trends and where we have sustainable, competitive advantages. We will continue to focus on developing our products and enhancing our customer relationships to drive growth within our core markets.

Food & Beverage

Key trends driving additional growth within the food & beverage market include: a movement from large bulk packaging for products to single-serve and on-the-go "convenience" solutions; a greater emphasis on meeting FDA requirements and nutrition information transparency; an increased weighting towards green initiatives and sustainability and a rise in store-branded products leading to premiumization efforts via packaging. Our technological capabilities and broad product portfolio allow us to develop innovative solutions to meet these changing trends.

Wine & Spirits

Wine and spirits consumption globally has increased over the past decade, providing a number of opportunities for us to take advantage of changing consumer preferences. For example, in the wine market, wine makers are continually looking for greater innovation and premiumization in label design, as well as changing customer dynamics such as the growing single-serve beverage market. Additionally, we are well positioned to take advantage of changing supply chain dynamics, as more wine producers are shipping in bulk to the ultimate bottling destination. As the leading global labels supplier in the wine and spirits segment, our global footprint, leading technological capabilities and broad, high quality product offering allows us to take advantage of these industry trends.

Home & Personal Care

Growth in the home & personal care market has been driven recently by several key trends. Customers continue to seek high quality, differentiated labeling solutions with a higher degree of embellishments. Additionally, increased demand for solutions that provide a 360° graphic appeal has increased the size of labels demanded by customers. Furthermore, continued compression in the product life cycle and a rapid refresh cycle has led to a growing need for new and differentiated labeling solutions. Evolving compliance packaging standards are also leading to more information and changes per label and SKU.

Healthcare & Specialty

Although only a small portion of our business currently, we believe healthcare & specialty is well-positioned to experience growth from further expansion in both developed and developing markets. Key trends in the space are centered on increasing the functionality of labels, with an increased need for security labels that deter theft, counterfeiting and tampering, labeling solutions that can track and trace unique data for users, as well as the ability to provide functional dose control.

Continue to leverage global footprint to better serve our customers and strengthen our market position

We believe that our broad manufacturing footprint across 27 countries together with our complete line of innovative decorative label solutions provide us with an opportunity to align our service model with the needs of our multi-national customer base. We believe our scale and footprint positions us to benefit from the trend of large multi-national companies consolidating their supplier chains by becoming a "one-stop shop" for our customers, with our ability to serve them across multiple geographies with our broad product offering contributing to the potential for above-market growth. Our exceptional on-time delivery rate is driven by our focus and desire to create value for our customers and to strengthen our position with them. We plan to renew our focus on smaller-to-medium sized customers as we believe that our scale and reach, paired with our extensive customer service expertise, will create an opportunity to grow and increase our market share with these customers. In addition, our ability as to efficiently deliver shorter runs relative to our competitors positions us favorably with medium and smaller regional and local customers.

Enhance profitability through identified operational improvement initiatives and synergies

Our management team has a proven track record of identifying and executing operational improvement initiatives and synergies. We have successfully achieved $60 million of cost savings through June 30, 2020 under Platinum ownership and have identified an estimated $65 million of additional potential savings through December 31, 2021. The estimated $65 million is comprised of approximately $36 million of legacy Multi-Color and W/S Packaging synergies and approximately $29 million of operational improvements, including remaining Constantia synergies. These savings are expected to be realized in the following categories: purchasing, productivity improvement, plant improvement, materials, labor, plant & site consolidation and headcount reduction. We plan to continue to improve existing operations through Platinum's expertise and resources, driving discipline and accountability in the organization, and further integrating information technology and systems from prior acquisitions. We cannot assure you we will be able to achieve all of these cost synergies and operational improvements. For more information about our anticipated cost synergies and operational improvements, including certain factors that may affect our ability to achieve such cost synergies and operational improvements, see footnote (3) under "Summary—Summary Historical Consolidated Financial Information and Other Data," "Risk Factors—Risks Related to Our Business," "Risk Factors—Risks Related to Our Business—We may not achieve some or all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDA and Pro Forma Adjusted EBITDA" and "Risk Factors—Risks Related to Our Business—The anticipated benefits of the Acquisition may not be fully realized or may take longer to realize than expected, which may adversely affect our results of operations."

Selectively pursue strategic acquisitions

While our primary focus is on organic growth, our global presence, scale and broad product offering position us well to execute on opportunistic acquisitions given the large and fragmented nature of the labels market. We believe that we can create significant value through strategic acquisitions given our track record of integration and our focus on maintaining a disciplined acquisition strategy centered on: (i) prudent financial objectives; (ii) expanding our customer base in new and growing end markets and geographies; (iii) bringing facilities closer to large customers in order to better serve their needs and increase responsiveness; (iv) improving our customer offering through access to new products and technological capabilities; and (v) generating significant purchasing and other operational synergies. We believe that we are well positioned to capitalize on numerous opportunities in our acquisition pipeline within the large and highly fragmented label industry.

Continue to drive free cash flow generation

We continually focus on ways to increase our free cash flow through organic growth initiatives and disciplined capital and cost management strategies. We have steady and predictable net revenue supported by diversified contracted positions and a broad blue-chip customer base, allowing us to maintain capital investments, even during recessionary years, to support organic growth. We believe we have significant potential to further increase profitability and free cash flow generation in the future through execution of operational improvements, acquisition integration, and a reasonable, predictable capital expenditure program.

Sustainability

We are committed to being a sustainable partner for our customers with a major focus on the development of sustainable label solutions. In addition, we are focused on sustainable actions in our operations to reduce greenhouse gas (CO_2) emissions, landfill and water usage. We have several strategic partners who we work with to raise sustainability awareness and are committed to a more sustainable future. To execute our sustainability goals, we hired a Director of Sustainability in July 2020.

Innovative Sustainable Label Designs

Our research & development team has worked with the Association of Plastic Recyclers (APR) and our customers to develop innovative solutions for improved recycling capability. We have designed sustainable solutions for all of our label technologies:

Pressure Sensitive Labels: we have developed two different label technologies based on the product. Our pressure sensitive recycLABEL® for PET bottles uses a film face stock and proprietary adhesive, which allows the label to be easily separated from the bottle in the recycling process. Our recycLABEL® is recognized by both the APR and European PET Bottle Platform (EPBP). Our ThermoWash™ for glass bottles uses a filmic pressure-sensitive labeling technology, which can be easily washed off and allows the reuse of the glass bottles.

Shrink Sleeve Labels: we have developed three different recycLABEL® shrink technologies to address different customers' requirements. Our Crystallizable PET label uses a shrink-sleeve film material that is compatible with the PET container resin and the artwork ink is designed to remove completely as a solid particle in a caustic bath. This label meets the APR requirements for reclaimers and is being used in the U.S. Our floatable film shrink-sleeve uses polyolefin films that float in the sink-float separation process and is better suited for recycling in Europe. Our de-seaming technology 'unzips' the seam of the shrink-sleeve during the whole-bottle wash process in the reclaiming environment, which is used for customers in North America where the wet recycling process is common.

Cut-and-Stack Paper Labels: we continue to co-develop with our suppliers cut-and-stack paper labels which have a better amount of recycled content or which are more easily recycled.

Roll-fed Labels: our monolayer roll-fed labels, which have recently been introduced in the US, are more sustainable than the traditional roll-fed labels which are a laminated construction. The primary benefit of the monolayer roll-fed label is the reduction of material usage, but it offers the additional advantage of an increased number of labels on each reel, requiring fewer trucks to ship and reducing the associated carbon footprint. The label also meets the strict requirements for PET bottle recycling.

*In-Mold Label*s: our interactive in-mold labels contain digital watermarks that not only can provide additional information during the use of the product but also allow for more efficient sorting of recyclable material, which will increase the amount and quality of recycled products. We have been developing this project as part of the Holy Grail Project, as detailed below.

Strategic Partners in Sustainability

Association of Plastic Recyclers (APR), our U.S.-based partner in sustainability, is the national trade association representing companies who acquire, reprocess and sell the output of more than 90% of post-consumer plastic processing capacity in North America. We have been an active member of APR for over 10 years and we are a part of the Technical Committee for Olefins and PET, which helps us understand the current industry standards for recycling. APR has certified our pressure-sensitive and shrink sleeve labels. APR has a critical role in bringing together all of the groups in the supply chain that are critical for recycling success.

Plastic Recyclers Europe (PRE), our sustainability partner in Europe, is an organization representing the voice of European plastics recyclers. Companies joining PRE are all reprocessing plastic waste into high-quality material, destined for the production of new containers. We are a platinum member of PRE's RecyClass, which aims at helping the plastics value chain find the correct ways to approach and evaluate the design for recycling of packaging products. As a member of RecyClass we participate in technical committees.

The Ellen MacArthur Foundation (EMF) partners with businesses, governments and academics to build a framework for an economy that is both restorative and regenerative by design. EMF's key mission is that plastic never becomes waste through their Global Commitment with the following actions: (1) eliminate all problematic and unnecessary plastic items; (2) innovate to ensure that the plastics we do need are reusable, recyclable or compostable and (3) circulate all the plastic items we use to keep them in the economy and out of the environment. We are currently the only label company that has signed EMF's Global Commitment with other members including brand owners, package suppliers and recyclers.

Project Holy Grail, led by Procter & Gamble and facilitated by the EMF, is a pioneering sorting technology to move towards a circular economy. The project uses chemical tracers and digital watermarks to improve post-consumer recycling. This technology can revolutionize the industry's approach to sorting, which would increase efficiencies and lead to high-quality and high-quantity recycled materials. Additional information can be stored in the digital watermark leading to an enhanced experience for the consumer.

Focus on Sustainable Operations

We are not only focused on delivering sustainable products for our customers that can improve recyclability but are also committed to improving the sustainability of our operations. In 2017, we set five-year goals to reduce our greenhouse gas (CO_2) emissions, landfill usage and water consumption. We are pleased to have already met these goals as we have: (1) reduced our CO_2 emissions by approximately 160% from 180 metric tons / month / million square miles in 2017 to 69 metric tons / month / million square miles in 2019; (2) reduced our landfill usage by nearly 200% from 32 metric tons / month / million square miles in 2017 to 11 metric tons / month / million square miles; and (3) reduced our water consumptions by approximately 50% from 206 cubic meters / month / million square miles in 2017 to 139 cubic meters / month / million square miles in 2019. We achieved these improvements by taking actions such as reusing the glassine liners make writing pads, incinerating waste matrix rolls to create energy rather than dumping into a landfill and using waterless urinals to save water. We have instituted KPI's in all of our facilities globally to track our performance on energy, water, sewer waste, recycling and landfill and are committed to continued improvement in these domains.

Procurement

Common to the printing industry, we purchase proprietary products from a number of raw material suppliers. Our raw material suppliers are major corporations with reliable track records. Although we intend to prevent any long-term business interruption due to our inability to obtain raw materials, there could be short-term manufacturing disruptions during the vendor qualification period for any new raw material source. Our size and scale allow us to utilize a diversified and global sourcing model with the ability to procure each key substrate from a variety of sources. This model allows us to mitigate the cost of rising input prices, as well minimize the risk of any potential supply disruptions. Our purchasing and supply chain effectiveness is enhanced by our leveraged buying power for primary materials from multiple supply sources, and we effectively manage market driven increases in raw material costs through contractual pass-through mechanisms, transactional business or leveraging purchasing scale.

Our largest raw material expenses are related to our major product substrates, including paperboard, paper, sheeted plastic, unsupported film, shrink film and label stock. We also purchase inks, varnishes, coatings, adhesives and corrugated boxes that are used in the manufacturing process. We have a centralized purchasing function that allows us to leverage our growing scale to achieve competitive material pricing. Further, we have consistently used our scale to lower input costs at acquired businesses.

Manufacturing

To guarantee consistent quality results, all of our label decorating services are backed by aggressively implemented and administered quality programs and qualified technical support staff. Our ISO 9001 compliant quality assurance program ensures excellence in every label.

Our comprehensive range of printing technologies facilitates our ability to respond quickly and effectively to changing customer needs. Our current printing technologies include flexographic, lithographic, rotogravure, letterpress and digital. Pre-press technology offerings include color separations, color management programs and in-house platemaking and tooling.

Our manufacturing operations involve complex processes and utilize factory automation to produce a consistent, high quality label. We employ state of the art technologies including digital platemaking and automated vision inspection systems complemented by a robust systemic quality management system.

Sales and Marketing

We provide a complete line of label solutions and a variety of pre-press activities. Our vision is to be the premier global resource for decorating solutions. We sell to a broad range of home & personal care, wine & spirits, food & beverage, healthcare & specialty consumer product companies located in the North American, Latin American, European, Middle East, Africa and Asia Pacific regions. Our sales strategy is a consultative selling approach. Our sales organization reviews the requirements of the container and offers a number of alternative decorating methods. Our customers view us as an expert source of materials, methods and technologies with the ability to offer the most cost-effective solution.

We have continued to make progress in expanding our customer base and portfolio of products, pre-press activities and manufacturing locations throughout the world.

Research and Development

Our product leadership group focuses on research and development, product commercialization and technical service support. The group includes chemical, packaging and field engineers who are responsible for developing and commercializing innovative label and application solutions. Technical service personnel also assist customers and manufacturers in improving container and label performance. The services provided by this group differentiate us from many of our competitors and drive our selection for the most challenging projects.

Intellectual Property

We own a number of patents and patent applications that relate to the products and services we offer to our customers. Although these patents are important to us, we are not dependent upon any one patent. We believe that these patents, collectively, along with our ability to be a single source provider of many packaging needs, provide us with a competitive advantage over our competition. The expiration or unenforceability of any one of our patents would not have a material adverse effect on us.

Properties

We own or lease 85 manufacturing and corporate facilities and several dedicated sales and design offices globally. Our facility network is strategically located in close proximity to key customers. None of our owned properties currently meets the fair market value threshold to be encumbered by a mortgage and secure the Senior Secured Credit Facilities or Secured Opco Notes.

Location	Activities	Approximate Square Feet	Owned or Leased
Algoma, WI, United States	Manufacturing plant	206,400	Leased
Dallas, TX, United States	Manufacturing plant	52,800	Leased
Franklin, PA, United States	Manufacturing plant	81,000	Owned
Fullerton, CA, United States	Manufacturing plant	82,474	Leased
Green Bay, WI, United States	Corporate office	20,778	Leased
Heath, OH, United States	Manufacturing plant	46,200	Leased
Knoxville, TN, United States	Manufacturing plant	225,000	Leased
Mason, OH, United States	Manufacturing plant	108,100	Leased

Location	Activities	Approximate Square Feet	Owned or Leased
Monterrey, Mexico	Manufacturing plant	10,000	Leased
Neenah, WI, United States	Manufacturing plant	92,400	Leased
Oak Creek, WI, United States	Manufacturing plant	66,000	Leased
San Luis Obispo, CA, United States	Manufacturing plant	25,864	Leased
Wilton, NH, United States	Manufacturing plant	75,000	Owned
Winona, MN, United States	Manufacturing plant	128,500	Owned
Napa, CA, United States	Manufacturing plant	150,125	Leased
Scottsburg, IN, United States	Manufacturing plant	120,500	Owned
Elkton, KY, United States	Manufacturing plant	43,000	Leased
Asheville, NC, United States	Manufacturing plant	53,500	Leased
Omaha, NE, United States	Manufacturing plant	31,000	Leased
Fulton, NY, United States	Manufacturing plant	106,692	Leased
Batavia, OH, United States (2)	Corporate office / Manufacturing plant	392,527	Owned / Leased
Mason, OH, United States	Manufacturing plant	72,000	Leased
Norwood, OH, United States	Manufacturing plant	313,322	Owned
York, PA, United States	Manufacturing plant	160,000	Leased
Clarksville, TN, United States	Manufacturing plant	189,300	Leased
Chesapeake, VA, United States	Manufacturing plant	49,885	Leased
Mendoza, Argentina	Manufacturing plant	10,273	Leased
Adelaide, Australia	Manufacturing plant	65,246	Leased
Brisbane, Australia	Manufacturing plant	42,744	Leased
Griffith, Australia	Manufacturing plant	21,775	Leased
Notting Hill, Australia	Manufacturing plant	16,404	Leased
Perth, Australia	Manufacturing plant	22,184	Leased
Maldegem, Belgium (2)	Manufacturing plant	264,598	Leased
Montreal, Canada	Manufacturing plant	51,650	Leased
Santiago, Chile	Manufacturing plant	150,610	Leased
Guangzhou, China	Manufacturing plant	43,056	Leased
Jiangsu, China	Manufacturing plant	24,757	Leased
Daventry, England	Manufacturing plant	34,059	Owned /Leased
Stevenage, England	Sales office	2,255	Leased
Ablis, France	Manufacturing plant	104,119	Owned
Libourne, France	Manufacturing plant	39,934	Owned
Montagny, France	Manufacturing plant	20,000	Leased
Nantes, France (2)	Manufacturing plant	325,436	Owned
Port-Sainte-Foy, France	Manufacturing plant	22,690	Leased
Reyrieux, France	Manufacturing plant	48,868	Leased
Saint Emilion, France	Manufacturing plant	35,112	Leased
Vittel, France	Manufacturing plant	104,442	Owned
Bingen am Rhein, Germany (2)	Manufacturing plant	105,397	Leased
Heilbad Heiligenstadt, Germany	Manufacturing plant	175,666	Owned
Muenden, Germany	Manufacturing plant	100,118	Owned
Jakarta, Indonesia	Manufacturing plant	27,771	Owned
Castlebar, Ireland	Manufacturing plant	42,722	Leased
Drogheda, Ireland	Manufacturing plant	53,529	Owned
Roscommon, Ireland	Manufacturing plant	12,109	Leased
Alessandria, Italy	Manufacturing plant	45,500	Owned
Florence, Italy	Manufacturing plant	23,681	Leased
Lucca, Italy (2)	Manufacturing plant	134,179	Leased

Location	Activities	Approximate Square Feet	Owned or Leased
Nairobi, Kenya	Manufacturing plant	4,130	Leased
Balakong, Malaysia	Manufacturing plant	16,000	Leased
Kuala Lumpur, Malaysia (2)	Corporate office / Manufacturing plant	48,672	Owned /Leased
Penang, Malaysia	Manufacturing plant	70,808	Owned
Rawang, Malaysia	Manufacturing plant	60,010	Leased
Guadalajara, Mexico	Manufacturing plant	82,990	Leased
Monterrey, Mexico	Manufacturing plant	155,269	Owned /Leased
Auckland, New Zealand	Manufacturing plant	18,773	Leased
Manila, Philippines	Manufacturing plant	21,722	Leased
Warsaw, Poland	Manufacturing plant	61,657	Leased
Cluj Napoca, Romania	Manufacturing plant	63,103	Leased
Glasgow, Scotland	Manufacturing plant	43,196	Owned
Johannesburg, South Africa	Manufacturing plant	21,148	Leased
Paarl, South Africa	Manufacturing plant	114,343	Owned
Pinetown, South Africa	Manufacturing plant	17,297	Leased
Haro, Spain	Manufacturing plant	21,528	Leased
Bevaix, Switzerland	Manufacturing plant	15,069	Leased
Dar es Salaam, Tanzania (2)	Manufacturing plant	20,796	Leased
Bangkok, Thailand	Manufacturing plant	50,470	Owned
Ho Chi Minh, Viet Nam	Manufacturing plant	27,396	Leased
Cwmbran, Wales	Manufacturing plant	61,569	Leased

Employees

As of June 30, 2020, we employed approximately 9,600 people, of whom approximately 3,500 are located in the United States and approximately 6,100 are located in other countries. Certain of our employees in the United States, Canada, Mexico, Chile, South Africa, Tanzania, China, Vietnam, Indonesia, Australia, Germany, France and Ireland are represented by unions and our French, German and Scottish employees are represented by works councils. We consider our labor relations to be good and have not experienced any work stoppages during the previous decade.

Environmental and Health Regulations

Our business and facilities are subject to a wide range of federal, state, local and foreign general and industry-specific environmental, health and safety laws and regulations, including those relating to air emissions, wastewater discharges, management and disposal of regulated materials and site remediation. Certain of our operations require environmental permits or other approvals from governmental authorities, and certain of these permits and approvals are subject to expiration, denial, revocation or modification under various circumstances. We are also subject to frequent inspections and monitoring by government enforcement authorities. Compliance with these laws, regulations, permits and approvals is a significant factor in our business. We incur, from time to time, and may incur in the future, significant capital and operating expenditures to achieve and maintain compliance with applicable environmental laws, regulations, permits and approvals. Our failure to comply with applicable environmental laws and regulations or permit or approval requirements could result in substantial civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring remedial or corrective measures, installation of pollution control equipment or other actions or costs, which could have a material adverse effect on our business, financial condition and operating results.

In addition, as an owner and operator of real estate, we may be responsible under environmental laws and regulations for the investigation, remediation and monitoring, as well as associated costs, expenses and third-party damages, including tort liability and natural resource damages, relating to past or present releases or threats of releases of regulated materials at, on, under or from our properties. Liability under these laws may be imposed without regard to whether we knew of or were responsible for, the presence of those materials on our property, may be joint and several, meaning that the entire liability may be imposed on each party without regard to contribution, and retroactive and may not be limited to the value of the property. In addition, we or others may discover new material environmental liabilities, including liabilities related to third-party owned properties that we or our predecessors formerly owned or operated, or at which we or our predecessors have disposed of, or arranged for the disposal of, certain materials.

We may be involved in administrative or judicial proceedings and inquiries in the future relating to such environmental matters, which could have a material adverse effect on our business, financial condition and operating results.

New environmental laws or regulations (or changes in existing laws or regulations or their enforcement) may be enacted that require significant expenditures by us. If the resulting expenses significantly exceed our expectations, our business, financial condition and operating results could be materially and adversely affected.

We are also subject to various federal, state, local, and foreign requirements concerning safety and health conditions at our manufacturing facilities. We may also be subject to material financial penalties or liabilities for non-compliance with those safety and health requirements, as well as potential business disruption, if any of our facilities or a portion of any facility is required to be temporarily closed as a result of any significant injury or any non-compliance with applicable requirements. Such financial penalties or liabilities or business disruptions could have a material adverse effect on our business, financial condition and operating results.

In the United States, the FDA regulates the raw materials used in labels for various products. These regulations apply to the consumer product companies for which we produce labels. We use materials specified by the consumer product companies in producing labels. We believe that our manufacturing facilities are in compliance, in all material respects, with the rules and requirements set forth by the FDA and OSHA. We are committed to ensuring that safe operating practices are established, implemented and maintained throughout our organization. In addition, we have instituted active health and safety programs throughout our Company.

Legal Proceedings

We are from time to time party to legal proceedings that arise in the ordinary course of business. We are not involved in any litigation other than that which has arisen in the ordinary course of business. We do not expect that any current pending lawsuits will have a material adverse effect on us. See “Risk Factors—Risks Related to Our Business—We are subject to litigation in the ordinary course of business, and uninsured claims or a rise in insurance premiums may adversely impact our results of operations.”

MANAGEMENT

Directors and Key Officers

The following table provides information regarding our sole director and the executive officers of LABL.

Name	Age	Position
Nigel Vinecombe	57	Chief Executive Officer, Multi-Color
Sharon E. Birkett	54	Vice President and Chief Financial Officer
Mary Ann Sigler	66	Director, Vice President, Treasurer and Secretary

Board of Directors and Committee Composition

Nigel Vinecombe

Mr. Vinecombe became a director of Multi-Color in 2008, was named Executive Chairman of Multi-Color in January 2016 and became Chief Executive Officer of Multi-Color in 2019. He served as President and Chief Executive Officer of Multi-Color from 2010 until 2016. Mr. Vinecombe served as Chief Operating Officer of Multi-Color from 2009 to 2010, and as President of the International Business Unit of Multi-Color from 2008 until 2009. From 2000 to 2008, he served as Group Managing Director of Collotype International Holdings Pty Ltd., a privately-held Australian based Wine & Spirits and consumer products label manufacturer. Mr. Vinecombe holds Bachelor of Business at University of South Australia and Master of Business Administration from University of South Australia.

Sharon E. Birkett

Ms. Birkett has been Multi-Color's Vice President and Chief Financial Officer since July 9, 2010. Ms. Birkett relocated to the U.S. from Australia in February 2010 when she was appointed Vice President and Corporate Controller of Multi-Color. She served for two years as Multi-Color's Vice President of Finance, International and prior to its acquisition of Collotype, as Collotype's Chief Financial Officer for five years. She is a member of the Institute of Chartered Accountants (ICA) and Certified Practicing Accountants (CPA) in Australia. Ms. Birkett holds a Bachelor of Arts degree in Accountancy from the University of South Australia and a Master of Business Administration from The University of Adelaide.

Mary Ann Sigler

Ms. Sigler has served as a director and as President, Treasurer and Secretary of the Issuer since January 2018. Ms. Sigler is Executive Vice President and Chief Financial Officer of Platinum. She joined Platinum in 2004, is Executive Vice President, Chief Financial Officer and responsible for overall accounting, tax, and financial reporting as well as managing strategic planning projects for the firm. Prior to joining Platinum, Ms. Sigler was with Ernst & Young LLP for 25 years where she was a partner. Ms. Sigler has a B.A. in Accounting from California State University Fullerton and a Master's in Business Taxation from the University of Southern California.

Employment and Compensation Arrangements

Certain members of our senior management team are party to employment agreements that entitle them to certain compensation and benefits as well as the right to receive certain severance payments upon a qualifying termination of employment. Severance payments under these agreements are generally equal to 6 to 12 months of continued base salary and an amount equal to the premiums the senior manager would be required to pay to continue his or her coverage under our group health plans pursuant to COBRA during the applicable severance period, less the portion of such premiums that would have been paid as an active employee.

In addition, in connection with the Acquisition, we granted equity or equity-based awards to senior management and other key employees under an equity or equity-based incentive program. Such awards generally vest over a number of years, subject to continued employment and/or upon achievement of certain performance targets, and entitle management to share in the future appreciation in the equity value of the Issuer or an affiliate of the Issuer. From time to time, we may also enter into other compensation arrangements with senior management or other key employees on terms that have not yet been determined.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Issuer is a direct, wholly owned subsidiary of LABL Holding Corporation, a Delaware corporation, all of the outstanding capital stock of which is owned indirectly by the Sponsor and members of management.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Services Agreement

In February 2018, LABL and the Sponsor entered into a corporate advisory services agreement (as amended, the "Corporate Advisory Services Agreement"), pursuant to which the Sponsor provides certain corporate advisory services to the Company and will continue until the earlier to occur of (a) termination by the Sponsor or (b) such time as a sale of the Company is consummated. In consideration for the provision of these services, the Company pays an advisory fee of $5.0 million per year, subject to reduction as required by the terms of certain contractual relationships. The Company also reimburses the Sponsor for all reasonable third-party costs and expenses incurred by Sponsor in connection with rendering of services thereunder. The Sponsor is entitled to customary financing fees, with specified restrictions, in connection with its arranging or providing debt financing to the Company. We will pay to the Sponsor a fee related to services provided in connection with the offering of the Notes hereby. The Corporate Advisory Services Agreement contains customary indemnification provisions in favor of the Sponsor.

Employment Agreements

From time to time, we may also enter into other employment or compensation arrangements with senior management or other key employees. See "Management—Employment and Compensation Arrangements."

Transactions with Portfolio Companies of Funds Affiliated with the Sponsor

From time to time, we enter into transactions with portfolio companies of funds that are affiliated with the Sponsor, but these transactions are not material and are done on an arms-length basis.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a description of our Senior Secured Credit Facilities and Opco Notes that we entered into, or issued, as applicable, substantially simultaneously with the closing of the Acquisition. The following summary of certain provisions of the Senior Secured Credit Facilities and Opco Notes does not purport to be complete and may not contain all of the information that is important to you, and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements.

ABL Credit Facility

On the Acquisition Closing Date, we entered into our ABL Credit Facility. Our ABL Credit Facility is available to LABL and its subsidiaries designated as co-borrowers therein and provides for revolving loans and letters of credit in an aggregate amount of up to $300.0 million, subject to borrowing base capacity. Letters of credit are limited to the lesser of (a) $50.0 million and (b) the aggregate unused amount of commitments under our ABL Credit Facility then in effect. Subject to certain conditions, our ABL Credit Facility may be expanded by up to the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA (as defined in the ABL Credit Agreement) in additional commitments. Loans under our ABL Credit Facility are denominated, at our option, in either U.S. dollars, Euros, Canadian Dollars, Australian Dollars and Pounds Sterling, and certain other currencies as may be agreed to by the lenders thereunder from time to time. Bank of America, N.A. acts as administrative agent and collateral agent for our ABL Credit Facility. Our ABL Credit Facility will mature five years after the Acquisition Closing Date. We use borrowings under our ABL Credit Facility to issue letters of credit, to fund working capital and for other general corporate purposes, including permitted acquisitions and other investments. As of June 30, 2020, we had unused commitments under the ABL Credit Facility available to us of $224.2 million (without giving effect to approximately $3.4 million of letters of credit outstanding).

Borrowings under our ABL Credit Facility are limited by borrowing base calculations based on the sum of specified percentages of eligible accounts receivable, eligible inventory and unrestricted cash, minus the amount of any applicable reserves. Borrowings bear interest at a floating rate, which can be either an adjusted rate for BBSY, CDOR Rate, EURIBO Rate, or LIBO Rate (each as defined in the ABL Credit Agreement), as applicable, plus an applicable margin or, at our option for certain borrowings, a base rate plus an applicable margin. We may borrow only up to the lesser of the level of our then-current borrowing base and our committed maximum borrowing capacity, which is currently $300.0 million. Our ability to draw under our ABL Credit Facility or issue letters of credit thereunder is conditioned upon, among other things, our delivery of prior written notice of a borrowing or issuance, as applicable, our ability to reaffirm the representations and warranties contained in the ABL Credit Agreement and the absence of any default or event of default thereunder.

Our obligations under our ABL Credit Facility are guaranteed by Holdings, LABL and all of LABL's direct and indirect wholly owned U.S. subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholds of aggregate assets and revenues of excluded U.S. subsidiaries), as well as all of LABL's direct and indirect wholly owned foreign subsidiaries organized in jurisdictions where borrowing base assets are located (subject to certain permitted exceptions). Our ABL Credit Facility is secured by a lien on substantially all of Holdings', LABL's and each of LABL's direct and indirect wholly owned U.S. subsidiaries' current and fixed assets (subject to certain exceptions), as well as certain assets of LABL's direct and indirect wholly owned subsidiaries organized in jurisdictions where borrowing base assets are located (subject to certain exceptions). Our ABL Credit Facility has a first-priority lien on the Revolver Priority Collateral (as defined in the ABL Credit Agreement) and a second-priority lien on security interests in the Term Priority Collateral (as defined in the ABL Credit Agreement), excluding any fee-owned real property included in the Fixed Asset Collateral (second in priority to the liens securing the Secured Opco Notes and our Term Loan Facility discussed below), in each case, subject to other permitted liens.

The following fees are applicable under our ABL Credit Facility: (i) an unused line fee of (x) 0.375% *per annum* of the unused portion of our ABL Credit Facility when the average unused portion of the facility is greater than 50% of the aggregate commitments under our ABL Credit Facility or (y) 0.250% *per annum* of the unused portion of our ABL Credit Facility when the average unused portion of the facility is less than or equal to 50% of the aggregate commitments under our ABL Credit Facility; (ii) a letter of credit participation fee on the aggregate stated amount of each letter of credit equal to the applicable margin for adjusted Eurodollar rate loans, as applicable; and (iii) certain other customary fees and expenses of the lenders and agents thereunder. We are required to make prepayments under our ABL Credit Facility at any time when, and to the extent that, the aggregate amount of the outstanding loans and letters of credit under our ABL Credit Facility exceeds the lesser of the aggregate amount of commitments in respect of our ABL Credit Facility and the borrowing base.

Our ABL Credit Facility contains customary covenants, including, but not limited to, restrictions on our ability and that of our subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets subject to their security interest, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay or modify terms of any junior indebtedness, enter into transactions with affiliates or change our line of business. Our ABL Credit Facility requires the maintenance of a fixed charge coverage ratio (as set forth in the ABL Credit Agreement), on any date when Availability (as defined in the ABL Credit Agreement) is less than the greater of (i) 10% of the lesser of (A) the aggregate revolving commitments under the ABL Credit Facility at such time and (B) the borrowing base at such time and (ii) $20.0 million, maintain a minimum fixed charge coverage ratio of 1.00 to 1.00, tested for the four fiscal quarter period ending on the last day of the most recently ended fiscal quarter for which financials have been delivered, and at the end of each succeeding fiscal quarter thereafter until the date on which Availability has been equal to or greater than the greater of (x) 10% of the Line Cap, and (y) $20.0 million for 30 consecutive calendar days.

Our ABL Credit Facility provides that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, material pension-plan events, certain change of control events and other customary events of default.

Term Loan Facility

On the Acquisition Closing Date, we entered into our Term Loan Facility with Bank of America, N.A., as administrative agent and collateral agent, and certain other agents and lenders, which were fully drawn on such date by LABL and its subsidiaries designated as co-borrowers therein. As of June 30, 2020, we had approximately $1,197.0 million of outstanding borrowings under our Term Loan Facility consisting of (a) a U.S. dollar tranche (the “U.S. Dollar Term Loans”) in an aggregate principal amount of $635.2 million and (b) a Euro-denominated tranche (the “Euro Term Loans”) in an aggregate principal amount equal to the Euro-equivalent of $561.8 million.

Subject to certain conditions, our Term Loan Facility, without the consent of the then-existing lenders (but subject to the receipt of commitments), may be increased (or a new incremental term loan facility added) in an aggregate principal amount for all such increases and incremental facilities of up to the sum of (x) the greater of $400.0 million and 100% of Consolidated EBITDA (as defined in the Term Loan Credit Agreement), plus (y) an unlimited amount, so long as on a *pro forma* basis, (A) (1) with respect to indebtedness secured by the Collateral (as defined in the Term Loan Credit Agreement) on a *pari passu* basis with the Term Loan Facility, our Consolidated First Lien Net Leverage Ratio (as defined in the Term Loan Credit Agreement) would not either (i) exceed 5.00 to 1.00 or (ii) if incurred in connection with an acquisition or similar investment permitted under the Term Loan Credit Agreement, increase, (2) with respect to indebtedness secured by the Collateral on a junior lien basis to the Term Loan Facility, our Consolidated Secured Net Leverage Ratio (as defined in the Term Loan Credit Agreement) would not either (i) exceed 6.50 to 1.00 or (ii) if incurred in connection with an acquisition or similar investment permitted under the Term Loan Credit Agreement, increase, and (3) with respect to unsecured indebtedness, our Consolidated Total Net Leverage Ratio (as defined in the Term Loan Credit Agreement) would not either (i) exceed a level to be agreed or (ii) if incurred in connection with an acquisition or similar investment permitted under the Term Loan Credit Agreement, increase, or (B) with respect to (1) indebtedness secured by the Collateral on a junior lien basis to the Term Loan Facility or (2) unsecured indebtedness, our Fixed Charge Coverage Ratio (as defined in the Term Loan Credit Agreement) would not either (i) be less than 2.00 to 1.00 or (ii) decrease, plus (z) an amount equal to all voluntary prepayments and repurchases of *pari passu* term loans borrowed under the Term Loan Credit Agreement and of certain other *pari passu* debt incurred outside of the Credit Agreement utilizing capacity that would otherwise be available for increases and incremental facilities.

Our U.S. Dollar Term Loans amortize in equal quarterly installments in an amount equal to 1.00% *per annum* of the principal amount. The interest rate margin applicable to borrowings under our U.S. Dollar Term Loans is, at our option, either (1) the base rate (which is the highest of (w) the greater of the then-current federal funds rate set by the Federal Reserve Bank of New York and the overnight federal funds rate, in each case, plus 0.5%, (x) the prime rate on such day, (y) the one-month Eurodollar rate published on such date plus 1.00% and (z) 1.00% per annum) plus an applicable margin or (2) one-, two-, three- or six-month LIBOR or, if agreed to by all lenders, 12-month LIBOR or any shorter period (selected at our option) plus an applicable margin. The interest rate margin applicable to borrowings under our Euro Term Loans is, at our option, the one-, three- or six-month EURIBOR or, if agreed to by all lenders, 12-month EURIBOR or any shorter period (selected at our option) plus an applicable margin. Our Term Loan Facility is subject to LIBOR and EURIBOR floors of 0.00%.

We may voluntarily prepay loans or reduce commitments under our Term Loan Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty (other than, subject to certain exclusions, a 1.00% premium on any prepayment in connection with a repricing transaction prior to the date that is six months after the date we enter into our Term Loan Facility).

We are required to prepay our Term Loan Facility with the net cash proceeds of certain asset sales, the incurrence or issuance of specified refinancing indebtedness and 50% of excess cash flow, in each case, subject to certain reinvestment rights, thresholds, step-downs and other exceptions.

Our obligations under our Term Loan Facility are guaranteed by Holdings, LABL and all of LABL's direct and indirect wholly owned U.S. subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholds of aggregate assets and revenues of excluded U.S. subsidiaries). Our Term Loan Facility is secured by a lien on substantially all of Holdings', LABL's and each of LABL's direct and indirect U.S. subsidiaries' current and fixed assets (subject to certain exceptions), and our Term Loan Facility has a first-priority lien on the Fixed Asset Collateral and a second-priority lien on the Current Asset Collateral (second in priority to the liens securing our ABL Credit Facility discussed above), in each case, subject to other permitted liens.

Our Term Loan Facility contains customary negative covenants generally consistent with those applicable to the Notes, including, but not limited to, restrictions on our ability and that of our restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates.

Our Term Loan Facility provides that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated. Such events of default will include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, material pension-plan events, change of control and other customary events of default.

Opco Notes

In connection with Acquisition, LABL issued $690.0 million in aggregate principal amount of Unsecured Opco Notes and $700.0 million in aggregate principal amount of Secured Opco Notes.

The Unsecured Opco Notes are jointly and severally guaranteed on a senior unsecured basis by certain of LABL's existing and future subsidiaries that are co-borrowers or guarantors under the Term Loan Facility and the Secured Opco Notes are jointly and severally guaranteed on a senior secured basis by Holdings and certain of LABL's existing and future subsidiaries that are co-borrowers or guarantors under the Term Loan Facility. The indentures governing the Unsecured Opco Notes and Secured Opco Notes contain covenants that restrict the ability of Holdings and/or its restricted subsidiaries to, among other things, incur or guarantee additional indebtedness, prepay, redeem or repurchase certain debt, make certain payments, including payment of dividends, or repurchase equity interests of Holdings and its restricted subsidiaries, sell assets, make loans or acquisitions or capital contributions and certain investments, incur liens, enter into transactions with affiliates and consolidate, merge or sell all or substantially all of its assets.

The Unsecured Opco Notes are LABL's senior unsecured obligations and the Secured Opco Notes are LABL's senior secured obligations and, in each case: (i) rank contractually senior in right of payment to all of LABL's and the guarantors' future subordinated indebtedness; (2) rank equally in right of payment with all of LABL's and the guarantors' existing and future senior indebtedness; (3) in the case of the Unsecured Opco Notes, are effectively subordinated to any of LABL's and the guarantors' existing and future secured debt, including the Senior Secured Credit Facilities and the Secured Opco Notes, to the extent of the value of the assets securing such debt; and (4) are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of LABL's subsidiaries that do not guarantee the Opco Notes.

The Unsecured Opco Notes mature on July 15, 2027 and the Secured Opco Notes mature on July 15, 2026. The Unsecured Opco Notes bear interest at a rate of 10.50% *per annum* and the Secured Opco Notes bear interest at a rate of 6.75% *per annum*, in each case, payable semi-annually on January 15 and July 15 of each year.

LABL has the option to redeem some or all of the Opco Notes, in whole or in part, at any time or from time to time on or after July 15, 2022 at the following redemption prices (expressed as percentages of principal amount) if redeemed during the 12-month period commencing on July 15 of the years set forth below:

Year	Redemption Price for Unsecured Opco Notes	Redemption Price for Secured Opco Notes
2022	105.250%	103.375%
2023	102.625%	101.688%
2024 and thereafter	100.000%	100.000%

Prior to July 15, 2022, the Opco Notes may be redeemed at the option of LABL at a redemption price of 100% of the aggregate principal amount of the notes to be redeemed, plus a "make-whole" premium. Additionally, at any time prior to July 15, 2022, LABL may redeem up to 40% of the aggregate principal amount of the notes to be redeemed at a redemption price of, in the case of the Unsecured Opco Notes, 110.500% of the principal amount of the Unsecured Opco Notes redeemed and, in the case of the Secured Opco notes, 106.750% of the principal amount of the Secured Opco Notes to be redeemed, in each case, plus accrued and unpaid interest to the date thereof, with proceeds from certain equity issuances.

Upon the occurrence of certain change of control events, the LABL may be required to offer to repurchase the Opco Notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of purchase.

DESCRIPTION OF NOTES

LABL Intermediate Holding Corporation, a Delaware corporation (the "Issuer"), will issue the Notes under an indenture between the Issuer and Wilmington Trust, National Association, as trustee (in such capacity, together with any successor trustee, the "Trustee"). In this description, references to (i) the terms "we," "us" and "our" each refer to the Issuer and its consolidated Subsidiaries, (ii) the term "Issuer" refers only to LABL Intermediate Holding Corporation, and (iii) the term "Holdings" refers to LABL Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of the Issuer. Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture (as defined below).

The following description is a summary of the material provisions of the Indenture and the Notes. It does not restate the Indenture or the Notes in their entirety and is subject to, and qualified by reference to, all of the provisions of the Indenture and the Notes. Copies of the Indenture (and any supplemental indentures) may be obtained from the Issuer upon request after the Issue Date as set forth below under "—Additional Information."

Brief Description of the Notes

The Notes

The Notes will be senior unsecured obligations of the Issuer and will:

- without giving effect to collateral arrangements, be *pari passu* in right of payment with all existing and future senior Indebtedness of the Issuer;
- rank contractually senior in right of payment to all future Subordinated Indebtedness of the Issuer;
- be effectively subordinated to any existing and future secured obligations of the Issuer, to the extent of the value of the collateral securing such obligations; and
- be structurally subordinated to all existing and future liabilities of any Subsidiary of the Issuer that does not guarantee the Notes, which as of the Issue Date, includes the Opco Notes and indebtedness under the Term Loan Credit Agreement and the ABL Credit Agreement (no Subsidiary of the Issuer will guarantee the Notes on the Issue Date).

As of June 30, 2020, on an as-adjusted basis after giving effect to the issuance of the Notes, we would have had total indebtedness of $3,184.9 million, including the Notes, the Opco Notes and borrowings under the Term Loan Credit Agreement and the ABL Credit Agreement, and we would have had unused commitments under our ABL Credit Agreement available to us of $224.2 million (without giving effect to approximately $3.4 million of outstanding letters of credit). In addition, under the Senior Credit Agreements, we have the option to raise incremental indebtedness (including incremental term loans and incremental revolving commitments, as applicable), subject to certain terms and conditions.

The Issuer is a holding company with limited direct operations. Substantially all of the operations of the Issuer are conducted through its Subsidiaries. As a result, the Issuer is dependent upon dividends and other payments from its Subsidiaries to generate the funds necessary to meet its outstanding Indebtedness service and other obligations, and such dividends and other payments may be restricted by law or the instruments governing the Indebtedness of its Subsidiaries, including the Opco Notes and indebtedness under the Term Loan Credit Agreement and the ABL Credit Agreement. The Issuer's Subsidiaries may not generate sufficient cash from operations to enable it to make principal and interest payments on its Indebtedness, including the Notes. Unless a Subsidiary is a Guarantor, claims of creditors of such Subsidiaries (including lenders under the Term Loan Credit Agreement and the ABL Credit Agreement, the holders of the Opco Notes and trade creditors) and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer, including holders of the Notes. The Notes, therefore, will be structurally subordinated to claims of creditors (including lenders under the Term Loan Credit Agreement and the ABL Credit Agreement, the holders of the Opco Notes and trade creditors) and preferred stockholders (if any) of the Issuer's Subsidiaries. Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuer and its Subsidiaries may incur, such limitations are subject to a number of significant exceptions. See "Description of Other Indebtedness" and "Risk Factors—Risks Related to the Notes and Our Indebtedness—The Issuer is the sole obligor under the Notes and is a holding company with no operations and may not have access to sufficient cash to make payments on the Notes."

The Indenture will not be qualified under the TIA, and the TIA shall not apply to or in any way govern the terms of the Indenture. As a result, no provisions of the TIA will be incorporated into the Indenture unless expressly incorporated pursuant to this "Description of Notes."

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Principal, Maturity and Interest

The Issuer will issue $500 million aggregate principal amount of senior unsecured notes in this offering. The Notes will mature on , 2025. Subject to compliance with the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock," the Issuer may issue additional Notes from time to time after this offering under the Indenture ("*Additional Notes*").

In addition, in connection with the accrual and payment of PIK Interest (as defined herein), the Issuer is entitled, without the consent of the holders thereof (and without regard to any restrictions or limitations set forth under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock"), to either increase the outstanding principal amount of the Notes or issue Additional Notes (the "*PIK Notes*") under the Indenture having the same terms as the Notes offered hereby (in each case, a "*PIK Payment*"). Except as otherwise specified, the Notes offered hereby (including any increases thereof as the result of a PIK Payment) and any Additional Notes and PIK Notes subsequently issued under the Indenture shall be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "Notes" for all purposes of the Indenture and this "Description of Notes" include any Additional Notes and any PIK Notes that are issued and any references to "principal amount" of the Notes include any increase in the principal amount of the outstanding Notes as a result of a PIK Payment. However, in order for any Additional Notes to have the same CUSIP number as the Notes initially issued on the Issue Date, such Additional Notes must be fungible with the initial Notes for U.S. federal income tax purposes.

Each Note will bear interest at a rate of % per annum, with respect to Cash Interest (as defined herein), and % per annum (which is 75 basis points higher than the cash interest rate per annum), with respect to any PIK Interest, from the Issue Date or from the most recent date to which interest has been paid or provided for, payable semi-annually on and of each year (each such date, an "*interest payment date*"), commencing with , 2021, to holders of record as of the close of business on or (whether or not a business day) immediately preceding each interest payment date. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months. Subject to the issuance of PIK Notes as described herein, the Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof (and after a PIK Payment in minimum denominations of $1.00 and $1.00 in excess thereof). PIK Payments will be made in minimum denominations of $1.00 and any integral multiple of $1.00 in excess thereof.

Interest will be payable, at the election of the Issuer (made by delivering a notice to the Trustee, the paying agent and the holders not later than the Determination Date) (the "*Initial Interest Payment Election*") and subject to the Minimum Liquidity Provision below, (1) entirely in cash ("*Cash Interest*"), (2) entirely by increasing the principal amount of the outstanding Notes or by issuing additional PIK Notes ("*PIK Interest*"), (3) 25% as Cash Interest and 75% as PIK Interest, (4) 50% as Cash Interest and 50% as PIK Interest or (5) 75% as Cash Interest and 25% as PIK Interest; *provided* that interest payable upon redemption or repurchase of the Notes shall be paid in cash. In the absence of an Initial Interest Payment Election made by the Issuer as set forth above, interest on the Notes shall be payable entirely as PIK Interest.

For any Interest Period, notwithstanding the Initial Interest Payment Election made with respect to the applicable interest payment date, if, as of the Subsequent Determination Date, the Pro Forma Liquidity Amount with respect to the applicable interest payment date is less than the Minimum Liquidity Threshold, then the Issuer may, at its option, elect to increase the amount of PIK Interest in respect of such interest payment date (and correspondingly decrease the amount of Cash Interest in respect of such interest payment date) such that the Pro Forma Liquidity Amount, after giving effect to such changes in the amount of PIK Interest and Cash Interest, does not exceed the Minimum Liquidity Threshold. If the Issuer is permitted to make such election and does so make such election, the Issuer shall deliver a notice to the Trustee, the paying agent and the holders of record on or prior to the date falling eight business days prior to the relevant interest payment date, which notice shall (a) state that the Issuer is increasing the amount of PIK Interest in respect of such interest payment date and correspondingly decreasing the amount of Cash Interest in respect of such interest payment date from the corresponding percentages in the Initial Interest Payment Election and (b) state the amount of interest to be accrued and paid as PIK Interest and the amount of interest, if any, to be paid as Cash Interest, and shall be accompanied by an Officer's Certificate certifying that the Issuer is permitted to make such election pursuant to the Minimum Liquidity Provision. In the event that the Issuer is not permitted to make such election or does not make such election on or prior to the date that is eight business days prior to the relevant interest payment date, the Issuer shall be required to accrue and make payments of PIK Interest and/or Cash Interest in accordance with the Initial Interest Payment Election. This paragraph is herein referred to as the "*Minimum Liquidity Provision*". The Issuer may modify any notice period or notice procedure under this Minimum Liquidity Provision (but not, for the avoidance of doubt, any of the definitions enumerated below in this section) without the consent of the holders in order to comply with the requirements of The Depository Trust Company ("*DTC*").

To the extent the Issuer elects to pay Cash Interest for all or any portion of the interest due on any interest payment date, the Issuer shall and shall cause each of the Restricted Subsidiaries to take all such shareholder, corporate and other actions necessary or appropriate to permit the making of dividends or distributions (or loans or advances) to the Issuer so that the Issuer is able to pay such Cash Interest on such interest payment date, *provided* that any such shareholder, corporate and other actions would not violate applicable law or cause a breach of any applicable contract.

Notwithstanding anything in this "Description of Notes" to the contrary, the payment of accrued interest in connection with any redemption or repurchase of Notes as described under "—Optional Redemption," "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Asset Sales," and payment of accrued interest for the last Interest Period ending at stated maturity will be made solely in cash.

If the Issuer pays a portion of the interest on the Notes as Cash Interest and accrues and pays a portion of the interest as PIK Interest, such Cash Interest and PIK Interest shall be accrued and paid to holders pro rata in accordance with their interests (subject to adjustments to maintain the authorized denomination of Notes).

As used herein,

(1) "*Average Liquidity Amount*" shall mean, with respect to any interest payment date, the average daily balance of the Liquidity Amount during the 30 calendar days commencing on the 45th calendar day immediately preceding the relevant interest payment date.

(2) "*Cash Interest Amount*" shall mean, with respect to any interest payment date, the amount of interest elected to be paid on such interest payment date in cash.

(3) "*Determination Date*" shall mean, with respect to each Interest Period, the fifth business day immediately prior to the first day of the relevant Interest Period.

(4) "*Interest Period*" shall mean the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include the day immediately preceding the first scheduled interest payment date (the interest payment date for any Interest Period shall be the interest payment date occurring on the day immediately following the last day of such Interest Period).

(5) "*Liquidity Amount*" shall mean, on any day, the sum of (i) the cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, *provided* that the amount pursuant to this clause (i) shall not be less than $0, *plus* (ii) the unused commitments available for borrowings of the Issuer and its Restricted Subsidiaries under any revolving credit facilities, *provided* that the amount pursuant to this clause (ii) shall not be less than $0, in each case of clause (i) and (ii) calculated at 5:00 p.m. New York City time on a consolidated basis.

(6) "*Minimum Liquidity Threshold*" means, as of any Subsequent Determination Date, the sum of (i) $150 million plus (ii) any amounts committed to be paid by the Issuer or any of its Restricted Subsidiaries as of such Subsequent Determination Date on acquisitions, Investments or capital expenditures that have not yet been paid and that are intended to be paid from cash or Cash Equivalents on hand.

(7) "*Pro Forma Liquidity Amount*" means, with respect to any interest payment date, the Average Liquidity Amount with respect to such interest payment date minus the Cash Interest Amount with respect to such interest payment date.

(8) "*Subsequent Determination Date*" means, with respect to any interest payment date, the 15th calendar day immediately preceding such interest payment date.

The ability of the Issuer's Subsidiaries to make dividends or distributions to the Issuer pursuant to their debt instruments is subject to important exceptions. See "Description of Other Indebtedness" and "Risk Factors—Risks Related to the Notes and Our Indebtedness— The Issuer is the sole obligor under the Notes and is a holding company with no operations and may not have access to sufficient cash to make payments on the Notes."

As of June 30, 2020, on an as-adjusted basis after giving effect to the issuance of the Notes, LABL, Inc., an indirect Subsidiary of the Issuer, would have had no restricted payment capacity under the Senior Credit Agreements and the Opco Notes Indentures and would have had a Liquidity Amount equal to approximately $343.3 million. If LABL, Inc. and its Restricted Subsidiaries are unable to make restricted payments under the Senior Credit Agreements and/or the Opco Notes Indentures, the Issuer may be unable to pay Cash Interest or the amount due under the Notes at maturity.

Methods of Receiving Payments on the Notes

Principal of, premium, if any, and Cash Interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, payment of Cash Interest may be made through the paying agent by check mailed (or wire transfer) to the holders of the Notes at their respective addresses set forth in the register of holders; *provided* that all payments of principal, premium, if any, and Cash Interest with respect to the Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made through the paying agent by wire transfer of immediately available funds to the accounts specified by DTC. Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose. PIK Interest on the Notes will be payable (1) with respect to Notes represented by one or more global notes registered in the name of or held by DTC or its nominee, by increasing the principal amount of the outstanding global note by an amount equal to the amount of PIK Interest for the applicable Interest Period (rounded up to the nearest whole dollar) as provided in a written order of the Issuer to the Trustee, and the Trustee, upon receipt of such order, will record such increase and (2) with respect to Notes represented by certificated notes, by issuing PIK Notes as evidence of such accrual in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable Interest Period (rounded up to the nearest whole dollar) subject to the applicable procedures of DTC, and the Trustee will, at the written order of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the holders on the relevant record date, as shown by the records of the register of holders. In the event that the Issuer elects to pay a combination of Cash Interest and PIK Interest for any Interest Period, each holder will be entitled to receive Cash Interest in respect of the applicable percentage of the principal amount of the Notes held by such holder on the relevant record date and PIK Interest in respect of the remaining percentage of the principal amount of the Notes held by such holder on the relevant record date. Following an increase in the principal amount of the outstanding global notes as a result of a PIK Payment, the Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Any PIK Notes issued will be dated as of the applicable interest payment date and will bear interest from and after such date. All Notes issued pursuant to a PIK Payment will mature on the same date as the Notes in respect of which such PIK Payment was made as a payment of PIK Interest, and will be governed by, and subject to the terms, provisions and conditions of, the Indenture and will have the same rights and benefits of the Notes in respect of which such PIK Payment was accrued and made as a payment of PIK Interest. Any PIK Notes will be issued with the description "PIK" on the face of such PIK Notes.

Payments on the Notes will be made free and clear of any deduction or withholding for taxes, except as otherwise required by law.

Paying Agent and Registrar for the Notes

The Trustee will initially act as paying agent and registrar. The Issuer may change the paying agent or registrar without prior notice to the holders of the Notes, and the Issuer or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders of the Notes will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Note selected for redemption, except the unredeemed portion of any Note being redeemed in part. Also, the Issuer will not be required to transfer or exchange any Note for a period of fifteen (15) days before a selection of Notes to be redeemed.

Note Guarantees

On the Issue Date, the Notes will not be guaranteed by any of the Issuer's Subsidiaries. From and after the Issue Date, to the extent that any Subsidiary of the Issuer guarantees the Notes in the future pursuant to the covenant described under "—Certain Covenants—Future Guarantees," such Guarantor will jointly and severally, irrevocably, fully and unconditionally guarantee on a senior unsecured basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all Obligations of the Issuer under the Indenture and the Notes (including interest which, but for the filing of a petition in bankruptcy with respect to the Issuer, would have accrued on any Obligation, whether or not a claim is allowed against the Issuer for such interest in the related bankruptcy proceeding) to the holders and the Trustee, whether for payment of principal or interest on the Notes, fees, expenses, indemnification or otherwise (all such obligations guaranteed by such Guarantors being herein called the "*Guaranteed Obligations*").

Each Note Guarantee of a Guarantor, if any, would be a senior unsecured obligation of such Guarantor and would:

- rank contractually senior in right of payment to any existing and future Subordinated Indebtedness of such Guarantor, if any;
- rank contractually equally in right of payment with all existing and future senior Indebtedness of such Guarantor; and
- be effectively subordinated to all existing and future secured Indebtedness of such Guarantor to the extent of the value of the assets securing such Indebtedness.

Each Note Guarantee, if any, will be limited in amount to an amount not to exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Indenture or the Note Guarantee, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Fraudulent transfer or fraudulent conveyance laws may permit a court to void the Notes or payments made thereunder and, if that occurs, you may not receive any payments on the Notes." After the Issue Date, the Issuer will cause each Restricted Subsidiary (unless such Subsidiary is an Excluded Subsidiary or is already a Guarantor) that incurs or guarantees any Indebtedness of the Issuer under a Holdco Credit Agreement to execute and deliver to the Trustee a supplemental indenture, pursuant to which such Restricted Subsidiary will guarantee performance and payment of the Notes on the same senior unsecured basis. See "—Certain Covenants—Future Guarantees."

Each Note Guarantee will be a continuing guarantee and, subject to the next succeeding paragraph, shall:

(1) remain in full force and effect until payment in full of all the Guaranteed Obligations;

(2) be binding upon each such Guarantor and its successors and assigns; and

(3) inure to the benefit of and be enforceable by the Trustee, the holders and their successors, transferees and assigns.

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

(a) the sale, exchange, disposition or other transfer (including through merger, consolidation, amalgamation, Division or dissolution) of (x) the Capital Stock of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary of the Issuer, if after such transaction the Guarantor is no longer a Restricted Subsidiary, or (y) all or substantially all the assets of such Guarantor if such sale, exchange, disposition or other transfer (including through merger, consolidation, amalgamation, Division or dissolution) is made in compliance with the Indenture;

(b) the Issuer designating such Guarantor to be an Unrestricted Subsidiary in accordance with the provisions set forth under "—Certain Covenants—Restricted Payments" and the definition of "Unrestricted Subsidiary;"

(c) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Notes pursuant to the covenant described under "—Certain Covenants—Future Guarantees," the release or discharge of the Guarantee by, or the direct obligation of, such Guarantor of Indebtedness of the

Issuer or any Restricted Subsidiary or the repayment of the Indebtedness or Disqualified Stock, in each case, that resulted in the obligation to guarantee the Notes, except if a release or discharge is by or as a result of payment in connection with the enforcement of remedies under such other Guarantee;

(d) the Issuer's exercise of its legal defeasance option or covenant defeasance option as described under "—Legal Defeasance and Covenant Defeasance," or if the Issuer's Obligations under the Indenture are discharged (including pursuant to a satisfaction and discharge of the Indenture or through redemption or repurchase of all of the Notes or otherwise) in accordance with the terms of the Indenture;

(e) such Guarantor becoming an Excluded Subsidiary;

(f) such Guarantor ceasing to be a Wholly Owned Subsidiary of the Issuer, including as a result of any foreclosure of any pledge or security interest securing Indebtedness or any exercise of remedies in respect thereof;

(g) as described in "—Certain Covenants—Changes in Covenants When Notes Rated Investment Grade"; or

(i) as described under "—Amendment, Supplement and Waiver."

Unless a Subsidiary is a Guarantor, claims of creditors of such Subsidiaries (including trade creditors) and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of creditors of the Issuer, including holders of the Notes. The Notes, therefore, will be structurally subordinated to claims of creditors (including trade creditors) and preferred stockholders (if any) of Non-Guarantor Subsidiaries. Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuer and its Subsidiaries may incur, such limitations are subject to a number of significant exceptions. See "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" below.

As of the Issue Date, all of the Issuer's Subsidiaries are expected to be "Restricted Subsidiaries." However, under the circumstances described under "—Certain Covenants," the Issuer will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

Optional Redemption

At any time prior to , 2021, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes (calculated after giving effect to the issuance of any Additional Notes) issued under the Indenture at a redemption price equal to % of the principal amount of Notes redeemed, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the date of redemption (subject to the right of holders of Notes on a relevant record date to receive interest on an interest payment date occurring on or prior to the redemption date), with the cash proceeds of any Equity Offering; *provided* that:

(1) at least the lesser of (a) 50% of the aggregate principal amount of the Notes (including any Additional Notes) then outstanding or (b) $200.0 million aggregate principal amount of the Notes (including any Additional Notes) remains outstanding immediately after the occurrence of each such redemption (except to the extent otherwise repurchased or redeemed in accordance with the terms of the Indenture); and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to , 2021, the Issuer may on any one or more occasions redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the

Applicable Premium as of the date of the redemption notice, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the date of redemption, subject to the rights of holders of Notes on a relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date.

At any time, in connection with any offer to purchase the Notes (including pursuant to a Change of Control Offer, Alternate Offer (as defined below) or Asset Sale Offer (as defined below)), if holders of at least 90% in aggregate principal amount of the Notes outstanding tender such Notes in such offer, the Issuer or such other Person, upon notice given not more than 60 days following such purchase pursuant to such offer, may redeem all of the remaining Notes of such series at a price in cash equal to the price offered to each holder in such prior offer, plus, to the extent not included in the prior offer payment, accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the date of redemption, subject to the rights of holders of Notes on a relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date. In determining whether the holders of at least 90% in aggregate principal amount of the outstanding Notes have validly tendered and not validly withdrawn Notes in an offer, Notes owned by an Affiliate of the Issuer 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 offer.

Except pursuant to the preceding paragraphs, the Notes will not be redeemable at the Issuer's option prior to , 2021.

On or after , 2021, the Issuer may on any one or more occasions redeem all or a portion of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the 12-month period beginning on of the years indicated below, subject to the rights of holders of Notes on a relevant record date to receive interest on an interest payment date occurring on or prior to the redemption date:

Year	Percentage	
2021	%	(*par plus 50% of the coupon*)
2022	%	(*par plus 25% of the coupon*)
2023 and thereafter	100.000%	

At any time on or after , 2021, in connection with (but not prior to) the consummation of an Initial Public Offering, the Issuer may redeem all or any portion of the outstanding Notes at a redemption price equal to the applicable Special Redemption Price of the principal amount of the Notes redeemed; *provided* that, if less than all of the outstanding Notes are redeemed concurrently with the consummation of such Initial Public Offering, at least the lesser of (a) 33 1/3% of the aggregate principal amount of the Notes (including any Additional Notes) then outstanding or (b) $200.0 million aggregate principal amount of the Notes (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption.

At any time on or after , 2021, in connection and concurrently with (but not prior to) the consummation of a transaction that constitutes a Company Sale, the Issuer or any acquirer may redeem all, but not less than all, of the outstanding Notes at a redemption price equal to the applicable Special Redemption Price of the principal amount of the Notes redeemed.

"*Special Redemption Price*" shall mean the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the 12-month period beginning on   of the years indicated below, subject to the rights of holders of Notes on a relevant record date to receive interest on an interest payment date occurring on or prior to the redemption date:

Year	Percentage	
2021	%	(*par plus 25% of the coupon*)
2022	%	(*par plus 12.5% of the coupon*)
2023 and thereafter	100.000%	

Any redemption of Notes may, at the Issuer's discretion, be performed by another Person and be subject to one or more conditions precedent. In addition, if any redemption is subject to satisfaction of one or more conditions precedent, the related notice of redemption shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be modified or rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed (which may exceed 60 days from the date of the redemption notice in such case). Such notice of redemption may be extended if such conditions precedent have not been met by providing notice to the noteholders.

Notes called for redemption become due on the applicable redemption date (to the extent such redemption date occurs and as such date may be extended or delayed). 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 (whether or not a business day).

The Issuer or its Affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such Affiliates may determine. The amount of such purchases may be material. To the extent Notes are purchased or otherwise acquired by the Issuer, such Notes may be cancelled and all obligations thereunder terminated.

Mandatory Redemption

The Issuer will not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption pro rata, by lot or by such method as it shall deem fair and appropriate. If the Notes are represented by global notes, interests in such global notes will be selected for redemption by DTC in accordance with its applicable procedures.

No Notes of $2,000 or less (or if a PIK Payment has been made, no Notes of $1.00 or less) can be redeemed in part. Notices of redemption will be mailed by first class mail (or with respect to global notes, to the extent permitted or required by applicable DTC procedures or regulations, sent electronically) at least ten but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed or sent more than 60 days prior to a redemption date if (a) the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or (b) in the case of a redemption that is subject to one or more conditions precedent, the date of redemption is extended as permitted in the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note (or transferred by book entry).

Repurchase at the Option of Holders

Change of Control

Upon the occurrence of a Change of Control, each holder of Notes will have the right to require the Issuer to repurchase all or any portion (equal to a minimum denomination of $2,000 or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in minimum denominations of $1.00 and any integral multiple of $1.00 in excess thereof)) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture; *provided* that any unpurchased portion of a Note must be in a minimum denomination of $2,000 (or if a PIK Payment has been made, in minimum denominations of $1.00). In the Change of Control Offer, the Issuer will offer a payment (the "*Change of Control Payment*") in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to (but not including) the date of purchase (the "*Change of Control Payment Date*"), subject to the rights of holders of Notes on a relevant record date to receive interest due on an interest payment date occurring on or prior to the Change of Control Payment Date. Prior to or within 30 days following any Change of Control, except to the extent the Issuer has delivered notice to the Trustee of its intention to redeem Notes as described above under "—Optional Redemption," the Issuer will mail (or with respect to global notes to the extent permitted or required by applicable DTC procedures or regulations, send electronically) a notice to each holder, with a copy to the Trustee, describing the transaction or transactions that constitute, or are expected to constitute, the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than ten days and no later than 90 days (unless delivered in advance of the occurrence of such Change of Control) from the date such notice is mailed or sent, pursuant to the procedures required by the Indenture and described in such notice. If such notice is delivered prior to the occurrence of a Change of Control, such notice shall state that the Change of Control Offer is conditioned upon the occurrence of such Change of Control and shall describe such condition, and, if applicable, shall state that, in the Issuer's sole discretion, the Change of Control Payment Date may be delayed until such time (including more than 90 days after the notice is mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or that such repurchase 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 Change of Control Payment Date, or by the Change of Control Payment Date as so delayed. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The paying agent will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control, the Indenture will 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 Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) 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 properly tendered and not withdrawn under the Change of Control Offer, (2) in connection with or in contemplation of any Change of Control, the Issuer (or any Affiliate of the Issuer) or a third party has made an offer to purchase at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer (an "*Alternate Offer*") any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered in accordance with the terms of the Alternate Offer, or (3) notice of redemption has been given to the Trustee pursuant to the Indenture as described above under "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control and/or conditioned upon the consummation of such Change of Control.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Subsidiaries taken as a whole, to any Person other than one or more Permitted Holders. 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, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Subsidiaries taken as a whole to another Person or group may be uncertain. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets."

The occurrence of a Change of Control under the Indenture may also constitute a default under the Senior Credit Agreements that permits the lenders to accelerate the maturity of borrowings thereunder and would also likely require the Opco Notes Issuer to offer to repurchase the Opco Notes under the Opco Notes Indentures. In addition, the Senior Credit Agreements and the Opco Notes Indentures limit the Issuer's Subsidiaries' ability to make cash available to the Issuer, by dividend, debt repayment or otherwise, to enable the Issuer to purchase the Notes in the event of a Change of Control. As a result, following a Change of Control, the Issuer may not be able to repurchase the Notes unless all indebtedness outstanding under the Senior Credit Agreements and the Opco Notes is first repaid and any other indebtedness that contains similar provisions is repaid, or we obtain a waiver from the holders of such indebtedness to provide the Issuer with sufficient cash to repurchase the Notes. See "Risk Factors—Risks Related to the Notes and Our Indebtedness— We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sale offer."

The Issuer's obligation to make a Change of Control Offer may be waived or modified or terminated with the written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes) prior to the occurrence of such Change of Control.

Asset Sales

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Issuer (or the 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 the time of the Asset Sale at least equal to the Fair Market Value of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities (other than liabilities that are by their terms subordinated to the Notes or any Note Guarantee) of the Issuer or such Restricted Subsidiary (as shown on the Issuer's or such Restricted Subsidiary's most recent consolidated balance sheet (or in the notes thereto) for which internal financial statements are available immediately preceding such date or, if incurred or accrued subsequent to the date of such balance sheet, such liabilities that would have been reflected on the Issuer's or such Restricted Subsidiary's balance sheet (or in the notes thereto) if such incurrence or accrual had taken place on or prior to the date of such balance sheet in the good faith determination of the Issuer) that are extinguished in connection with the transactions relating to such Asset Sale, or that are assumed by the transferee of any such assets, in each case pursuant to an agreement that releases the Issuer or such Restricted Subsidiary from or indemnifies against further liability;

(b) any securities, notes, other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are, within 180 days, converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (x) $120.0 million and (y) 30.0% of Consolidated EBITDA;

(d) consideration consisting of Indebtedness of the Issuer or such Restricted Subsidiary that is not Subordinated Indebtedness received from such transferee; and

(e) accounts receivable of a business retained by the Issuer or such Restricted Subsidiary, as the case may be, following the sale of such business; *provided* that such accounts receivable (1) are not past due more than 90 days and (2) do not have a payment date greater than 120 days from the date of the invoices creating such accounts receivable.

Within 450 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds at its option:

(1) (i) to repay Secured Indebtedness of the Issuer or any Guarantor and, if the Secured Indebtedness being repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto or (ii) to repay any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor (other than Indebtedness owed to the Issuer or another Restricted Subsidiary) (including, as of the Issue Date, the Opco Notes and Obligations under the Senior Credit Agreements);

(2) to repay (i) (x) the Notes or (y) unsecured Indebtedness or other unsecured Obligations of the Issuer, in each case, that rank *pari passu* with the Notes or (ii) unsecured Indebtedness and other unsecured Obligations

of a Guarantor that rank *pari passu* with such Guarantor's Note Guarantee (other than Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer); *provided* that if the Issuer (or the applicable Restricted Subsidiary) shall so reduce unsecured Indebtedness other than the Notes, the Issuer shall equally and ratably redeem or repurchase the Notes as described above under "—Optional Redemption," through open-market purchases or in privately negotiated transactions at market prices (which may be below par), or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase the Notes at 100% of the principal amount thereof, plus accrued and unpaid interest, if any, on the Notes repurchased, to (but not including) the date of repayment;

(3) to acquire all or substantially all of the assets of, or any Capital Stock of, a Permitted Business, if, after giving effect to any such acquisition, of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Issuer or additional Capital Stock of an existing non-Wholly Owned Restricted Subsidiary;

(4) to make a capital expenditure;

(5) to make an investment in any one or more businesses or property, plant or equipment or acquire property, plant or equipment, in each case that are used or useful in a Permitted Business; *provided* that such investment is made in accordance with the provisions of the Indenture; or

(6) any combination of the foregoing.

The Issuer (or the applicable Restricted Subsidiary, as the case may be) will be deemed to have complied with the provisions set forth in clause (3), (4), (5) or (6) of the preceding paragraph if, (i) within 450 days after the Asset Sale that generated the Net Proceeds, the Issuer (or the applicable Restricted Subsidiary) has entered into and not abandoned or rejected a binding agreement to make an investment or payment in compliance with the provisions described in the immediately preceding paragraph, and that investment or payment is thereafter completed within 180 days after the end of such 450-day period or (ii) in the event such binding agreement described in the preceding clause (i) is cancelled or terminated for any reason before such Net Proceeds are applied, the Issuer (or the applicable Restricted Subsidiary) enters into another such binding commitment within 180 days of such cancellation or termination of the prior binding commitment; *provided* that if any second binding commitment is later cancelled or terminated for any reason before such Net Proceeds are applied within 180 days of such second binding commitment, then such Net Proceeds shall constitute Excess Proceeds.

Notwithstanding the foregoing, to the extent a distribution of any or all of the Net Proceeds of any Asset Sales by a Foreign Subsidiary to the Issuer or another Restricted Subsidiary (i) is (x) prohibited or delayed by applicable local law, (x) restricted by applicable organizational documents or any agreement or (z) subject to other organizational or administrative impediments from being repatriated to the United States or (ii) would have a material adverse tax consequence, as reasonably determined by the Issuer, the portion of such Net Proceeds so affected will not be required to be applied in compliance with this covenant; *provided* that if at any time within one year following the date on which such affected Net Proceeds would otherwise have been required to be applied pursuant to this covenant, distribution of any of such affected Net Proceeds is no longer prohibited or delayed by applicable local law, restricted by any applicable organizational document or agreement, subject to other organizational or administrative impediment from being repatriated to the United States, and would not result in a material adverse tax consequences, then an amount equal to such amount of Net Proceeds so permitted to be repatriated will be promptly applied (net of any taxes, costs or expenses that would be payable or reserved against if such amounts were actually repatriated, whether or not they are repatriated) in compliance with this covenant. 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 avoidance of doubt, nothing in the Indenture shall be construed to require the Issuer or any Foreign Subsidiary to repatriate cash or to apply any Net Proceeds described in clause (i) above in compliance with this covenant in the event that such repatriation is not permitted under applicable local law, applicable organizational documents or agreements or other impediment within one year following the date on which the respective payment would otherwise have been required.

Pending the final application of any such amount of Net Proceeds, the Issuer or any Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest or utilize such Net Proceeds in any manner not prohibited by the Indenture. Any Net Proceeds that are not applied or invested as provided in the second paragraph of this covenant (but excluding for the avoidance of doubt any such proceeds not required to be applied or invested as a result of the fourth paragraph of this covenant) will constitute "*Excess Proceeds*"; *provided* that any amount of proceeds offered to holders in accordance with clause (2) of the second paragraph of this covenant or pursuant to an Asset Sale Offer (as defined below) made at any time after the Asset Sale shall be deemed to have been applied as required and shall not be deemed to be Excess Proceeds without regard to the extent to which such offer is accepted by the holders. When the aggregate amount of Excess Proceeds exceeds the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA, within 30 days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of the Notes and Indebtedness of the Issuer or any Guarantor that ranks *pari passu* with the Notes and contains provisions similar to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem on a pro rata basis the maximum principal amount (or accreted value, if applicable) of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of such Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, on the Notes repurchased, to (but not including) the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on a relevant record date to receive interest due on an interest payment date occurring on or prior to the purchase date, and will be payable in cash. The Issuer may satisfy the foregoing obligations with respect to such Excess Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Excess Proceeds at any time prior to the expiration of the application period or by electing to make an Asset Sale Offer with respect to such Excess Proceeds.

If any Excess Proceeds remain after consummation of an Asset Sale Offer (any such amount, "*Retained Declined Proceeds*"), the Issuer may use those Retained Declined Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered in (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Issuer will select the Notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed and thereafter the Trustee will select the Notes to be purchased on a pro rata basis (subject to applicable DTC procedures with respect to the global notes) based on the principal amount tendered (with, in each case, such adjustments as may be deemed appropriate by the Issuer so that only Notes in minimum denominations of $2,000, or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in minimum denominations of $1.00, or an integral multiple of $1.00 in excess thereof), will be purchased; *provided* that any unpurchased portion of a Note must be in a minimum denomination of $2,000 (or if a PIK Payment has been made, in minimum denominations of $1.00). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

The agreements governing our Indebtedness, including the Senior Credit Agreements and the Opco Notes Indentures, contain, and future agreements may contain, limitations, obligations with respect to, and prohibitions of, certain events, including events that would constitute a Change of Control or an Asset Sale. The exercise by the holders of Notes of their right to require the Issuer to repurchase the Notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not cause a default, due to the financial effect of such repurchases on us. In the event a Change of Control or Asset Sale occurs at a time when the Issuer is prohibited from purchasing Notes, we could seek the consent of lenders under the Senior Credit Agreements or such other Indebtedness to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If we do not obtain a consent or repay those borrowings, the Issuer will remain prohibited from purchasing Notes. In that case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture, which could, in turn, constitute a default under the Senior Credit Agreements and such other Indebtedness. Finally, the Issuer's ability to pay cash to the holders of Notes upon a repurchase may be limited by the Issuer's then existing financial resources. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sale offer."

Because the Obligations under the Senior Credit Agreements and the Secured Opco Notes Indenture are secured by substantially all of properties and assets of the Issuer's Subsidiaries that are obligors under the Senior Credit Agreements and the Secured Opco Notes Indenture, and since the definition of "Net Proceeds" excludes all amounts in respect of any Asset Sale that are used to repay any Indebtedness that is secured by property or assets that are the subject of such Asset Sale, it is unlikely that any meaningful amount of Net Proceeds will be generated from any Asset Sale so long as Indebtedness under the Senior Credit Agreements and the Secured Opco Notes remain outstanding.

The Issuer's obligation to make an Asset Sale Offer may be waived or modified or terminated with the written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes) prior to the date by which the Issuer is required to make such Asset Sale Offer.

Certain Covenants

Changes in Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have Investment Grade Ratings from both of the Ratings Agencies; and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and continuing at all times thereafter and subject to the provisions of the second succeeding paragraph, (i) the Note Guarantees, if any, will be automatically and unconditionally released and discharged and (ii) the covenants specifically listed under the following sections in this offering memorandum (collectively, the "*Suspended Covenants*") will be suspended:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Transactions with Affiliates";

(6) "—Future Guarantees";

(7) "—Designation of Restricted Subsidiaries and Unrestricted Subsidiaries"; and

(8) clause (4) of the covenant described below under "—Merger, Consolidation or Sale of Assets."

During any period that the foregoing covenants have been suspended, the Issuer's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under "—Designation of Restricted Subsidiaries and Unrestricted Subsidiaries" unless the Issuer's Board of Directors would have been able, under the terms of the Indenture, to designate such Subsidiaries as Unrestricted Subsidiaries if the Suspended Covenants were not suspended. Notwithstanding that the Suspended Covenants may be reinstated, the failure to comply with the Suspended Covenants during the Suspension Period (as defined below) (including any action taken or omitted to be taken with respect thereto and including any actions taken at any time pursuant to any contractual obligations arising during the Suspension Period) will not give rise to a Default or Event of Default under the Indenture.

Notwithstanding the foregoing, if the Notes no longer have an Investment Grade Rating from both of the Ratings Agencies, the foregoing covenants will be reinstituted as of and from the date of such rating decline (any such date, a "*Reversion Date*"). The period of time between the suspension of covenants as set forth above and the Reversion Date is referred to as the "*Suspension Period*." All Indebtedness incurred (including Acquired Debt) and Disqualified Stock or preferred stock issued during the Suspension Period will be deemed to have been incurred or issued in reliance on the exception provided by clause (2) of the definition of "Permitted Debt." Calculations under the reinstated "Restricted Payments" covenant will be made as if the "Restricted Payments" covenant had been in effect prior to, but not during, the period that the "Restricted Payments" covenant was suspended as set forth above. For purposes of determining compliance with the covenant described above under "—Repurchase at the Option of Holders—Asset Sales," the Excess Proceeds from all Asset Sales not applied in accordance with such covenant will be deemed to be reset to zero after the Reversion Date. In addition, for purposes of the covenant described under "—Transactions with Affiliates," all agreements and arrangements entered into by the Issuer and any Restricted Subsidiary with an Affiliate of the Issuer during the Suspension Period prior to such Reversion Date will be deemed to have been entered pursuant to clause (12) of the second paragraph of "—Transactions with Affiliates," and for purposes of the covenant described under "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries," all contracts entered into during the Suspension Period prior to such Reversion Date that contain any of the restrictions contemplated by such covenant will be deemed to have been entered pursuant to clause (1) of the second paragraph of "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries."

During the Suspension Period, any reference in the definition of "Unrestricted Subsidiary" to the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" or any provision thereof shall be construed as if such covenant had remained in effect since the Issue Date and during the Suspension Period.

Upon the Reversion Date, the obligation to grant Note Guarantees pursuant to the covenant described under "—Future Guarantees" will be reinstated (and the Reversion Date will be deemed to be the date on which any guaranteed Indebtedness was incurred for purposes of the covenant described under "—Future Guarantees").

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of any failure to comply with the Suspended Covenants during any Suspension Period and the Issuer and its Restricted Subsidiaries will be permitted, without causing a Default or Event of Default or breach of any of the Suspended Covenants (notwithstanding the reinstatement thereof) under the Indenture, to honor, comply with or otherwise perform any contractual commitments or obligations following a Reversion Date and to consummate the transactions contemplated thereby; *provided* that such contractual commitments or obligations were entered into during the Suspension Period and not in contemplation of a reversion of the Suspended Covenants; *provided further* that, to the extent any such commitment or obligation results in the making of a Restricted Payment, such Restricted Payment shall be made under clause (c) of the first paragraph or under the second paragraph of the covenant described under "—Restricted Payments" and, if not permitted by any of such provisions, such Restricted Payment shall be deemed permitted under clause (c) of the first paragraph of the covenant described under "—Restricted Payments" and shall be deducted for purposes of calculating the amount pursuant to such clause (c) (which may not be less than zero).

The Issuer shall provide an Officer's Certificate to the Trustee indicating the occurrence of any Suspension Period or Reversion Date. The Trustee shall have no obligation to monitor the ratings of the Notes, independently determine or verify if such events have occurred or notify the holders of Notes of any Suspension Period or Reversion Date. The Trustee may provide a copy of such Officer's Certificate to any holder of Notes upon request.

There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that any such rating will be maintained.

Restricted Payments

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

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer and other than dividends or distributions payable to the Issuer or a Restricted Subsidiary of the Issuer);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(3) make any voluntary or optional payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Note Guarantee, except any such payment on Indebtedness permitted under clauses (6) or (7) of the definition of "Permitted Debt" and a payment of interest when due or principal at the Stated Maturity thereof or the purchase, redemption, repurchase, defeasance, acquisition or retirement for value of any such Indebtedness within 365 days of the Stated Maturity thereof; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) (x) in the case of any Restricted Payment by the Issuer or any of its Restricted Subsidiaries (other than Holdings and its Restricted Subsidiaries), the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to clause (i) of the definition of "Ratio Debt" and (y) in the case of any Restricted Payment by Holdings or any of its Restricted Subsidiaries, Holdings would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to clause (ii) of the definition of "Ratio Debt"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer or its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted by clause (3) of the next succeeding paragraph and excluding Restricted

Payments permitted by all other clauses of the next succeeding paragraph), is less than the sum, without duplication, of:

(1) an amount (which may not be less than zero) equal to 50% of the Consolidated Net Income (it being understood that for purposes of calculating Consolidated Net Income of Holdings and its Restricted Subsidiaries pursuant to this clause (c)(1) only, any non-cash interest expense and amortization of original issue discount of the Issuer and its Restricted Subsidiaries (other than Holdings and its Restricted Subsidiaries) shall be excluded) of the Issuer for the period (taken as one accounting period) from October 1, 2020 to the end of the most recently ended fiscal quarter for which internal financial statements of the Issuer or Holdings, as applicable, are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(2) 100% of the aggregate net proceeds, including cash and Fair Market Value of property other than cash (as determined in accordance with the second succeeding paragraph), received by the Issuer or Holdings, as applicable, after the Issue Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests of the Issuer or Holdings, as applicable, or any direct or indirect parent of the Issuer (excluding, without duplication, Designated Preferred Stock, the Cash Contribution Amount and Excluded Contributions), or from the issue or sale of Disqualified Stock of the Issuer or Holdings, as applicable, or debt securities of the Issuer or Holdings, as applicable, in each case that have been converted into or exchanged for Qualifying Equity Interests of the Issuer or Holdings, as applicable (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Issuer or Holdings, as applicable); *plus*

(3) 100% of the aggregate amount of cash and the Fair Market Value of property other than cash (as determined in accordance with the second succeeding paragraph) received by the Issuer or a Restricted Subsidiary of the Issuer from (A) the sale or disposition (other than to the Issuer or a Restricted Subsidiary of the Issuer) of Restricted Investments made after the Issue Date and from repurchases and redemptions of such Restricted Investments from the Issuer and its Restricted Subsidiaries by any Person (other than the Issuer or its Restricted Subsidiaries) and from repayments of loans or advances that constituted Restricted Investments made after the Issue Date; (B) the sale (other than to the Issuer and its Restricted Subsidiaries) of the Capital Stock of an Unrestricted Subsidiary; (C) a distribution or dividend from an Unrestricted Subsidiary, to the extent that such amounts were not otherwise included in the Consolidated Net Income of the Issuer or Holdings, as applicable, for such period; (D) any Restricted Investment that was made after the Issue Date in a Person that is not a subsidiary at such time that subsequently becomes a Restricted Subsidiary of the Issuer; and (E) any returns, profits, distributions and similar amounts received on account of any Permitted Investment made after the Issue Date subject to a dollar-denominated or ratio-based basket (to the extent in excess of the original amount of such Investment) and without duplication of any returns, profits, distributions or similar amounts included in the calculation of such basket; *plus*

(4) in the event that any Unrestricted Subsidiary designated as such after the Issue Date is redesignated as a Restricted Subsidiary or has been merged or consolidated with or into or transfers or conveys its assets to, or is liquidated into, the

Issuer or a Restricted Subsidiary, in each case after the Issue Date, an amount (which may not be less than zero) equal to 100% of the Fair Market Value of the Restricted Investment in such Subsidiary (as determined in accordance with the second succeeding paragraph) as of the date of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable), after deducting any Indebtedness associated with the Unrestricted Subsidiary so designated or combined or any Indebtedness associated with the assets so transferred or conveyed (other than in each case to the extent that the designation of such Subsidiary as an Unrestricted Subsidiary constituted a Permitted Investment); *plus*

(5) the aggregate amount of Retained Declined Proceeds since the Issue Date.

The preceding provisions will not prohibit:

(1) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Issuer to the holders of its Equity Interests so long as the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer or Holdings, as applicable (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Issuer or Holdings, as applicable; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (c)(2) of the immediately preceding paragraph;

(3) the payment of any dividend or the consummation of any redemption within 90 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Note Guarantee with the net cash proceeds of Refinancing Indebtedness;

(5) the repurchase, retirement or other acquisition (or the declaration and payment of dividends to, or the making of loans to, any direct or indirect parent of the Issuer, to finance any such repurchase, retirement or other acquisition) for value of Equity Interests of the Issuer, any direct or indirect parent of the Issuer or any Restricted Subsidiary of the Issuer held by any future, present or former employee, officer, director, manager, consultant or independent contractor of the Issuer, any direct or indirect parent of the Issuer or any Subsidiary of the Issuer (or any such Person's estates, heirs, family members, spouses or former spouses or permitted transferees) (including for all purposes of this clause (5), Equity Interests held by any entity whose Equity Interests are held by any such future, present or former employee, officer, director, manager, consultant or independent contractor (or their estates, heirs, family members, spouses or former spouses or permitted transferees) pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or other similar agreement or arrangement; *provided* that the aggregate amounts paid under this clause (5) do not exceed (i) the greater of (x) $25.0 million and (y) 6.25% of Consolidated EBITDA in any calendar year or (ii) subsequent to the consummation of any public Equity Offering of common stock or other comparable equity interests of the Issuer or any direct or indirect parent of the Issuer, the greater of (x) $40.0 million and (y) 10.0% of Consolidated EBITDA (in each case, with unused amounts in any calendar year being permitted to be carried over for

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 received by the Issuer or any of its Restricted Subsidiaries from the sale of Qualifying Equity Interests of the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer), to any employee, officer, director, manager, consultant or independent contractor of the Issuer and its Restricted Subsidiaries or any direct or indirect parent of the Issuer that occurs after the Acquisition Date; *provided* that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (c) of the immediately preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer or any direct or indirect parent of the Issuer (to the extent contributed to the Issuer), and its Restricted Subsidiaries after the Acquisition Date; *plus*

(c) the amount of any cash bonuses otherwise payable to employees, officers, directors, managers, consultants or independent contractors of the Issuer or its Restricted Subsidiaries or any direct or indirect parent of the Issuer that are foregone in return for the receipt of Equity Interests; *less*

(d) the amount of cash proceeds described in subclause (a), (b) or (c) of this clause (5) previously used to make Restricted Payments pursuant to this clause (5);

provided that the Issuer may elect to apply all or any portion of the aggregate increase contemplated by clauses (a), (b) and (c) above in any calendar year;

(6) the repurchase of Equity Interests (or the declaration and payment of any dividends to, or the making of loans or advances to, any direct or indirect parent of the Issuer to finance such repurchase) (i) deemed to occur upon the exercise of stock options, warrants or other similar stock-based awards to the extent such Equity Interests represent a portion of the exercise price of those stock options, warrants or other similar stock-based awards or (ii) in connection with a gross-up for tax withholding related to such Equity Interests;

(7) the declaration and payment of dividends to holders of a class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary or any preferred stock of any Restricted Subsidiary of the Issuer issued on or after the Acquisition Date in accordance with the covenant described below under "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(8) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares or upon the purchase, redemption or acquisition of fractional shares (or the declaration and payment of any dividends to, or the making of loans to, any direct or indirect parent of the Issuer to finance such payment, purchase, redemption or acquisition), including in connection with (i) the exercise of options or warrants, (ii) the conversion or exchange of Capital Stock or (iii) stock dividends, splits or combinations or business combinations;

(9) Permitted Payments to Parent;

(10) purchases of receivables pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Transaction and distributions or payments of Securitization Fees;

(11) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent of the Issuer to fund the payment of dividends on its common stock) in an aggregate amount not to exceed in any fiscal year the greater of (x) 6.0% of the net proceeds received by the

Issuer (or by any direct or indirect parent of the Issuer and contributed to the Issuer) from any Equity Offerings after the Issue Date of the Issuer or any direct or indirect parent of the Issuer and (y) 6.0% of the Market Capitalization;

(12) Restricted Payments that are made with Excluded Contributions;

(13) the payment of dividends, other distributions and other amounts by the Issuer to, or the making of loans to, any direct or indirect parent of the Issuer, in the amount required for such parent to, if applicable, pay amounts equal to amounts required for any direct or indirect parent of the Issuer, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been permanently contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries incurred in accordance with the covenant described below under "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock"; *provided* that in no event shall the contribution of the proceeds of such Indebtedness to the Issuer or any of its Restricted Subsidiaries been applied to increase the capacity under the first paragraph of this covenant;

(14) the payment, purchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness that is contractually subordinated in right of payment to the Notes, Disqualified Stock or preferred stock of the Issuer and its Restricted Subsidiaries pursuant to provisions similar to those described under "—Repurchase at the Option of Holders—Change of Control" and "—Repurchase at the Option of Holders—Asset Sales"; *provided* that, prior to such payment, purchase, redemption, defeasance or other acquisition or retirement for value, the Issuer (or a third party to the extent permitted by the Indenture) has, to the extent required by the Indenture, made a Change of Control Offer, Alternate Offer or Asset Sale Offer, as the case may be, with respect to the Notes as a result of such Change of Control or Asset Sale, as the case may be, and has repurchased all Notes validly tendered and not withdrawn in connection with such Change of Control Offer, Alternate Offer or Asset Sale Offer, as the case may be;

(15) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary of the Issuer by, Unrestricted Subsidiaries;

(16) other Restricted Payments in an aggregate amount taken together will all other Restricted Payments made pursuant to this clause (16) not to exceed the greater of (x) $25.0 million and (y) 6.25% of Consolidated EBITDA;

(17) any Restricted Payment made in connection with the Acquisition Transactions and the Transactions described or contemplated by this offering memorandum (including, for the avoidance of doubt, the dividend to the Issuer's shareholders described in "Use of Proceeds") and the fees and expenses related thereto or made to fund amounts owed to Affiliates (including the declaration and payment of dividends to, or the making of loans to, any direct or indirect parent company of the Issuer to fund such payment), in each case to the extent permitted by the covenant described under "—Transactions with Affiliates";

(18) the repayment of intercompany debt between or among the Issuer and any of its Restricted Subsidiaries;

(19) payments and distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a sale, consolidation, merger, amalgamation or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole that complies with the terms of the Indenture, including the covenant described under "—Merger, Consolidation or Sale of Assets";

(20) the declaration and payment of dividends or distributions to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued after the Acquisition Date and the declaration and payment of dividends to any direct or indirect parent of the Issuer, the proceeds of which will be used to fund

the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of any direct or indirect parent of the Issuer, issued after the Acquisition Date; *provided*, *however*, that (a) (i) in the case of any class or series of Designated Preferred Stock of the Issuer, the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Designated Preferred Stock is issued, after giving effect to such issuance (and the payment of dividends or distributions) on a Pro Forma Basis, would have been at least 2.00 to 1.00 and (ii) in the case of any class or series of Designated Preferred Stock of Holdings or the Opco Notes Issuer, the Fixed Charge Coverage Ratio for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Designated Preferred Stock is issued, after giving effect to such issuance (and the payment of dividends or distributions) on a Pro Forma Basis, would have been at least 2.00 to 1.00 and (b) the aggregate amount of dividends declared and paid pursuant to this clause (20) does not exceed the net cash proceeds actually received by the Issuer, Holdings or the Opco Notes Issuer, as applicable, from any such sale of Designated Preferred Stock (other than Disqualified Stock) issued after the Acquisition Date;

(21) any Restricted Payment so long as immediately after giving effect to the making of such Restricted Payment, (x) in the case of any Restricted Payment by the Issuer or any of its Restricted Subsidiaries (other than Holdings and its Subsidiaries), the Issuer's Consolidated Total Debt Ratio would be no greater than 4.50 to 1.00 on a Pro Forma Basis and (y) in the case of any Restricted Payment by Holdings or any of its Restricted Subsidiaries, Holdings' Consolidated Total Debt Ratio would be no greater than 4.50 to 1.00 on a Pro Forma Basis;

(22) [reserved]; and

(23) any payment that is intended to prevent any Indebtedness from being treated as an "applicable high yield discount obligation" within the meaning of Section 163(i)(1) of the Code;

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (5), (12), (16), (20) and (21), no Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

Other than as set forth under "Measuring Compliance," the amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this "Restricted Payments" covenant, in the event that a Restricted Payment or Investment meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (23) above or clauses (1) through (25) of the definition of "Permitted Investment" or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or date of determination or later reclassify such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant or the definition of "Permitted Investment" and/ or one or more of the exceptions contained in the definition of "Permitted Investment" as of the date of such reclassification. If the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment that, at the time of the making of such Restricted Payment, in the good faith determination of the Issuer, would be permitted under the requirements of the Indenture, such Restricted Payment shall be deemed to have been made in compliance with the Indenture notwithstanding any subsequent adjustment made in good faith to the Issuer's financial statements affecting Consolidated Net Income.

Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit (a) any of its Restricted Subsidiaries to issue any shares of Disqualified Stock or (b) any Non-Guarantor Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that (i) the Issuer and any Restricted Subsidiary of the Issuer (other than Holdings and its Restricted Subsidiaries) may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Non-Guarantor Subsidiary of the Issuer may issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued or the date of determination, as the case may be, would have been at least 2.0 to 1.0 and (ii) Holdings and any Restricted Subsidiary of Holdings may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock or preferred stock, if (1) the Fixed Charge Coverage Ratio for Holdings' most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued or the date of determination, as the case may be, would have been at least 2.0 to 1.0 or (2) the Consolidated Total Debt Ratio for Holdings and its Restricted Subsidiaries, calculated as of the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued or the date of determination, as the case may be, would have been less than or equal to 6.80 to 1.00 (such Indebtedness, Disqualified Stock or preferred stock incurred or issued pursuant to subclauses (i) or (ii), collectively "*Ratio Debt*").

The first paragraph of this covenant will not prohibit the incurrence of any of the following (collectively, "*Permitted Debt*"):

(1) the incurrence by the Issuer or its Restricted Subsidiaries of Indebtedness or Disqualified Stock or the issuance by its Non-Guarantor Subsidiaries of preferred stock under any Credit Agreement, the guarantees thereof and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof) up to an aggregate principal amount or liquidation preference, if applicable, not to exceed at any one time outstanding:

(a) $1,200.0 million;

(b) the Cash Capped Grower Amount;

(c) the greater of (i) (x) $300.0 million plus (y) the Additional Cash Capped Grower Amount and (ii) the Borrowing Base as of the date of such incurrence or issuance; and

(d) the Maximum Incremental Leverage Amount;

plus, in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, any Additional Refinancing Amount; *provided* that solely for purposes of calculating the Consolidated Senior Secured Debt Ratio under this clause (1), (A) any Indebtedness, Disqualified Stock and preferred stock incurred under this clause (1) shall, in each case, be deemed to be secured by a Lien on assets of the Issuer and its Restricted Subsidiaries irrespective of whether such Indebtedness, Disqualified Stock or preferred stock actually constitutes secured Indebtedness, (B) any Disqualified Stock and preferred stock issued under this clause (1) shall be included in the calculation of Consolidated Total Indebtedness, (C) any calculation under subclause (d) will give pro forma effect to the incurrence of Indebtedness or issuance of Disqualified Stock or preferred stock on such date under subclause (a) (other than any Basket Reduction Amount Indebtedness) but not to any other incurrence of Indebtedness or issuance of Disqualified Stock or preferred stock on such date in reliance on any non-ratio-based or non-ratio-referent clause or provision set forth in the Indenture, including under this clause (1), and (D) any Indebtedness incurred under this clause (1) (other than Basket Reduction Amount Indebtedness) shall be required to first be incurred against availability under subclause (a) of this clause (1) prior to being incurred against availability under any other subclause of this clause (1);

(2) Indebtedness of the Issuer and its Restricted Subsidiaries existing on the Issue Date (including the Opco Notes and related guarantees thereof, but excluding Indebtedness described in clauses (1) and (3));

(3) the incurrence by the Issuer and its Restricted Subsidiaries (including any future Guarantors) of Indebtedness represented by the Notes to be issued on the Issue Date, any PIK Notes issued from time to time to pay PIK Interest in accordance with the terms of the Indenture and any increase in the principal amount of the Notes from time to time to pay PIK Interest in accordance with the terms of the Indenture, and any Note Guarantee with respect to the foregoing;

(4) Indebtedness, Disqualified Stock or preferred stock incurred by the Issuer or any of its Restricted Subsidiaries, including Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations (including such Indebtedness as lessee or guarantor), in each case, incurred for the purpose of financing all or any part of the acquisition, lease or cost of design, construction, installation, repair, replacement or improvement of property, plant or equipment used or useful in a Permitted Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amount or liquidation preference, including all Indebtedness incurred or Disqualified Stock or preferred stock issued, to Refinance (as defined below) any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (x) $150.0 million and (y) 40.0% of Consolidated EBITDA, at any one time outstanding, *plus*, in the case of any Refinancing of any Indebtedness, Disqualified Stock or preferred stock permitted under this clause (4) or any portion thereof, Additional Refinancing Amounts (it being understood that any Indebtedness, Disqualified Stock or preferred stock incurred pursuant to this clause (4) shall cease to be deemed incurred or outstanding pursuant to this clause (4) but shall be deemed incurred and outstanding as Ratio Debt from and after the first date on which the Issuer or such Restricted Subsidiary, as the case may be, could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock as Ratio Debt);

(5) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness or Disqualified Stock or preferred stock of the Issuer or a Restricted Subsidiary that serves to refund, refinance, replace, redeem, repurchase, retire, discharge or defease (collectively, "*Refinance*"), and is in an aggregate principal amount (or if issued with original issue discount an aggregate issue price) that is equal to or less than, Indebtedness incurred or Disqualified Stock or preferred stock issued as Ratio Debt or permitted under clauses (2), (3), this clause (5), (13) or (17) of this paragraph or subclause (y) of each of clauses (4), (12), (21), (24) or (28) of this paragraph (provided that any amounts incurred under this clause (5) as Refinancing Indebtedness of subclause (y) of these clauses shall reduce the amount available under such clauses so long as such Refinancing Indebtedness remains outstanding) or any Indebtedness incurred or Disqualified Stock or preferred stock issued to so Refinance such Indebtedness, Disqualified Stock or preferred stock, *plus* any Additional Refinancing Amount (subject to the following proviso, "*Refinancing Indebtedness*") prior to its respective maturity; *provided*, *however*, that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or preferred stock being refunded, refinanced, replaced, redeemed, repurchased or retired;

(b) has a Stated Maturity that is no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(c) to the extent that such Refinancing Indebtedness Refinances (i) Subordinated Indebtedness, such Refinancing Indebtedness is Subordinated Indebtedness, or (ii) Disqualified Stock or preferred stock, such Refinancing Indebtedness is Disqualified Stock or preferred stock, respectively; and

(d) shall not include (x) Indebtedness, Disqualified Stock or preferred stock of a Non-Guarantor Subsidiary that Refinances Indebtedness, Disqualified Stock or preferred stock of the

Issuer or a Guarantor, or (y) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or preferred stock of a Restricted Subsidiary that Refinances Indebtedness, Disqualified Stock or preferred stock of an Unrestricted Subsidiary;

provided that subclauses (a) and (b) shall not apply to Refinancing Indebtedness incurred to Refinance any Secured Indebtedness.

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness and cash management pooling obligations and arrangements between or among the Issuer and any of its Restricted Subsidiaries; *provided*, *however*, that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness (other than cash management pooling obligations and arrangements) and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer will be deemed, in each case, to constitute an issuance of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Issuer’s Restricted Subsidiaries to the Issuer or to any other Restricted Subsidiary of the Issuer of shares of preferred stock; *provided*, *however*, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Issuer or any of the Issuer’s Restricted Subsidiaries of Hedging Obligations or Treasury Management Arrangement in the ordinary course of business and not for speculative purposes;

(9) the guarantee by the Issuer or any Restricted Subsidiary of the Issuer of Indebtedness and cash management pooling obligations and arrangements of the Issuer or a Restricted Subsidiary of the Issuer, in each case, to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Issuer or any of the Issuer’s Restricted Subsidiaries of Indebtedness in respect of letters of credit, bank guarantees, workers’ compensation claims, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, bankers’ acceptances, guarantees, performance, surety, statutory, appeal, completion, export or import, indemnities, customs, revenue bonds or similar instruments in the ordinary course of business, including guarantees or obligations with respect thereto (in each case other than for an obligation for money borrowed); *provided, however*, that upon the drawing of any letters of credit, such obligations are reimbursed within 60 days following such drawing;

(11) the incurrence by the Issuer or any of the Issuer's Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds;

(12) the incurrence by Non-Guarantor Subsidiaries or the issuance by Non-Guarantor Subsidiaries of Disqualified Stock or preferred stock in an aggregate principal amount or liquidation preference, as applicable, pursuant to this clause (12), including all Indebtedness of Non-Guarantor Subsidiaries incurred or Disqualified Stock or preferred stock of Non-Guarantor Subsidiaries issued to Refinance any Indebtedness incurred pursuant to this clause (12), not to exceed the greater of (x) $75.0 million and (y) 18.75% of Consolidated EBITDA, *plus* in the case of any Refinancing of any Indebtedness, Disqualified Stock or preferred stock permitted under this clause or any portion thereof, the aggregate amount of fees, original issue discount, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith, at any one time outstanding (it being understood that any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (12) shall cease to be deemed incurred, issued or outstanding pursuant to this clause (12) but shall be deemed incurred or issued and outstanding as Ratio Debt from and after the first date on which such Non-Guarantor Subsidiary could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock as Ratio Debt (to the extent such Non-Guarantor Subsidiary is able to incur any Liens related thereto as Permitted Liens after such reclassification));

(13) (a) Indebtedness, Disqualified Stock or preferred stock (i) of the Issuer or any of its Restricted Subsidiaries incurred or assumed in connection with an acquisition of any assets (including Capital Stock), business or Person (including any merger, consolidation or amalgamation of such Person with the Issuer or any of its Restricted Subsidiaries) and (ii) of any Person that is acquired by the Issuer or any of its Restricted Subsidiaries or merged into or consolidated or amalgamated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture and (b) Indebtedness, Disqualified Stock or preferred stock incurred or assumed in anticipation of an acquisition of any assets, business or Person; *provided*, *however*, that after giving effect to such acquisition, merger, consolidation or amalgamation and the incurrence of such Indebtedness, (x) in the case of Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries (other than Holdings and its Restricted Subsidiaries), the Issuer would be permitted to incur at least $1.00 of additional Indebtedness as Ratio Debt and (y) in the case of Indebtedness incurred by Holdings or any of its Restricted Subsidiaries, Holdings would be permitted to incur at least $1.00 of additional Indebtedness as Ratio Debt;

(14) the incurrence by the Issuer or its Restricted Subsidiaries of Indebtedness arising from agreements providing for indemnification, adjustment of purchase or acquisition price, earn outs or similar obligations, incurred in connection with the Acquisition Transactions or the acquisition or disposition of any business, assets or Restricted Subsidiary of the Issuer (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition);

(15) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising in connection with endorsement of instruments for collection or deposit (including customary Treasury Management Arrangements) in the ordinary course of business;

(16) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness consisting of obligations to pay insurance premiums in an amount not to exceed the annual premiums in respect of such insurance premiums at any one time outstanding;

(17) Contribution Indebtedness; *provided* that (i) any Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer (other than Holdings or any of its Restricted Subsidiaries) incurred pursuant to this clause (17) shall cease to be deemed incurred or outstanding for purposes of this clause (17) but shall be deemed incurred for purposes of the first paragraph of this covenant from and after the first date on which the Issuer or any Restricted Subsidiary of the Issuer (other than Holdings or any of its Restricted Subsidiaries) could have incurred such Indebtedness pursuant to clause (i) of the definition of "Ratio Debt" without reliance on this clause

(17) and (ii) any Indebtedness of Holdings or any of its Restricted Subsidiaries incurred pursuant to this clause (17) shall cease to be deemed incurred or outstanding for purposes of this clause (17) but shall be deemed incurred for purposes of the first paragraph of this covenant from and after the first date on which Holdings or any of its Restricted Subsidiaries could have incurred such Indebtedness pursuant to clause (ii) of the definition of “Ratio Debt” without reliance on this clause (17);

(18) Indebtedness or Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or preferred stock of any Non-Guarantor Subsidiary, the proceeds of which are applied to defease or discharge the Notes in accordance with the provisions summarized under “—Legal Defeasance and Covenant Defeasance” or “—Satisfaction and Discharge”;

(19) take-or-pay obligations contained in supply arrangements entered into by the Issuer or a Restricted Subsidiary of the Issuer in the ordinary course of business;

(20) Indebtedness related to unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law;

(21) the incurrence by the Issuer or any of its Restricted Subsidiaries of additional Indebtedness or the issuance by the Issuer or any of its Restricted Subsidiaries of Disqualified Stock or the issuance by any Restricted Subsidiary of preferred stock in an aggregate principal amount (or accreted value, as applicable) or liquidation value at any time outstanding, including all Indebtedness incurred or Disqualified Stock or preferred stock issued to Refinance any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (21), not to exceed the greater of (x) $200.0 million and (y) 50.0% of Consolidated EBITDA, at any one time outstanding, *plus* in the case of any Refinancing of any Indebtedness permitted under this clause or any portion thereof, Additional Refinancing Amounts; *provided* that (i) any Indebtedness of the Issuer or any Restricted Subsidiary of the Issuer (other than Holdings or any of its Restricted Subsidiaries) incurred and any Disqualified Stock or preferred stock issued pursuant to this clause (21) shall cease to be deemed incurred or outstanding for purposes of this clause (21) but shall be deemed incurred or issued, as applicable, for purposes of the first paragraph of this covenant from and after the first date on which the Issuer or any Restricted Subsidiary of the Issuer (other than Holdings or any of its Restricted Subsidiaries) could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock pursuant to clause (i) of the definition of “Ratio Debt” without reliance on this clause (21) and (ii) any Indebtedness of Holdings or any of its Restricted Subsidiaries incurred and any Disqualified Stock or preferred stock issued pursuant to this clause (21) shall cease to be deemed incurred or outstanding for purposes of this clause (21) but shall be deemed incurred or issued, as applicable, for purposes of the first paragraph of this covenant from and after the first date on which Holdings or any of its Restricted Subsidiaries could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock pursuant to clause (i) of the definition of “Ratio Debt” without reliance on this clause (21);

(22) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit or bank guarantee issued pursuant to any Credit Agreement in a principal amount not in excess of the stated amount of such letter of credit;

(23) Indebtedness, Disqualified Stock or preferred stock incurred by the Issuer or any Restricted Subsidiary to future, current or former employees, officers, directors, managers, consultants and independent contractors thereof or any direct or indirect parent thereof, or their respective estates, heirs, family members, spouses or former spouses or permitted transferees, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent of the Issuer to the extent permitted under “—Restricted Payments;”

(24) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness incurred or Disqualified Stock or preferred stock issued on behalf of, or representing Guarantees of Indebtedness incurred or Disqualified Stock or preferred stock issued by, joint ventures; *provided* that the aggregate principal amount of

Indebtedness incurred or guaranteed or Disqualified Stock or preferred stock issued or guaranteed pursuant to this clause (24) does not exceed the greater of (x) $40.0 million and (y) 10.0% of Consolidated EBITDA at any one time outstanding (it being understood that any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (24) shall cease to be deemed incurred, issued or outstanding pursuant to this clause (24) but shall be deemed incurred or issued and outstanding as Ratio Debt from and after the first date on which the Issuer or its Restricted Subsidiary, as the case may be, could have incurred or guaranteed such Indebtedness or issued or guaranteed such Disqualified Stock or preferred stock as Ratio Debt (to the extent the Issuer or such Restricted Subsidiary is able to incur any Liens related thereto as Permitted Liens after such reclassification));

(25) Indebtedness, Disqualified Stock or preferred stock consisting of obligations of the Issuer or any Restricted Subsidiary under deferred compensation or other similar arrangements incurred by such Person in connection with the Acquisition Transactions or any Permitted Investment;

(26) (i) guarantees incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors, licensees, sub-licensees and distribution partners and (ii) Indebtedness incurred by the Issuer or a Restricted Subsidiary as a result of leases entered into by the Issuer or such Restricted Subsidiary or any direct or indirect parent of the Issuer in the ordinary course of business;

(27) (i) Indebtedness incurred by a Securitization Entity in a Qualified Securitization Transaction that is not recourse to the Issuer or any Restricted Subsidiary other than a Securitization Entity (except for Standard Securitization Undertakings) and (ii) to the extent constituting Indebtedness, obligations incurred in connection with the disposition by the Issuer and/or any Restricted Subsidiary of any account receivable in connection with factoring or other similar arrangements; and

(28) Indebtedness, Disqualified Stock or preferred stock of the Issuer or any of its Restricted Subsidiaries incurred to finance or assumed in connection with an acquisition of any assets (including Capital Stock), business or Person in an aggregate principal amount or liquidation preference that does not exceed the greater of (x) $150.0 million and (y) 40.0% of Consolidated EBITDA, at any one time outstanding (it being understood that any Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to this clause (28) shall cease to be deemed incurred, issued or outstanding pursuant to this clause (28) but shall be deemed incurred or issued and outstanding as Ratio Debt from and after the first date on which the Issuer or its Restricted Subsidiary, as the case may be, could have incurred such Indebtedness or issued such Disqualified Stock or preferred stock as Ratio Debt (to the extent the Issuer or such Restricted Subsidiary is able to incur any Liens related thereto as Permitted Liens after such reclassification)).

The Issuer will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Restricted Subsidiary solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness or any Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (28) above, or is entitled to be incurred or issued as Ratio Debt, the Issuer will be permitted to classify, divide or reclassify such item of Indebtedness or Disqualified Stock or preferred stock on the date of determination or its incurrence or issuance, or later reclassify all or a portion of such item of Indebtedness or Disqualified Stock or preferred stock, in any manner that complies with this covenant; *provided* that Indebtedness, Disqualified Stock or preferred stock under any Term Loan Credit Agreement outstanding on the Issue Date will be deemed to have been incurred in reliance on the exception provided by clause (1)(a) of the definition of "Permitted Debt" and may not be reclassified. The accrual of interest or dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional

Indebtedness (including the issuance of PIK Notes) with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant or the covenant set forth under "—Liens"; *provided*, in each such case, that the amount thereof shall be included in Fixed Charges of the Issuer as accrued. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness or the issuance of Disqualified Stock or preferred stock, the U.S. dollar-equivalent principal amount of Indebtedness or the liquidation preference of Disqualified Stock or preferred stock denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving or delayed draw Indebtedness, or first issued, in the case of Disqualified Stock or preferred stock, or, in each case, at the option of the borrower or issuer of such Indebtedness, Disqualified Stock or preferred stock, the date on which the rate of interest and other pricing terms of such Indebtedness, Disqualified Stock or preferred stock are determined or the date of determination; *provided*, that if such Indebtedness, Disqualified Stock or preferred stock is Indebtedness incurred or Disqualified Stock or preferred stock issued to Refinance other Indebtedness, Disqualified Stock or preferred stock denominated in a foreign currency (or in a different currency from such Indebtedness so being incurred or Disqualified Stock or preferred stock being issued), and such Refinancing would cause the applicable clauses of the definition of Permitted Debt (or categories of Permitted Liens) measured by a dollar amount or by reference to a percentage of Consolidated EBITDA to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such clauses of the definition of Permitted Debt (or categories of Permitted Liens) measured by a dollar amount or by reference to a percentage of Consolidated EBITDA shall be deemed not to have been exceeded so long as the principal amount of such Indebtedness or liquidation preference of such Disqualified Stock or preferred stock does not exceed (i) the outstanding or, in the case of revolving Indebtedness, committed, principal amount of such Indebtedness or the liquidation preference of such Disqualified Stock or preferred stock being Refinanced plus (ii) the aggregate amount of Additional Refinancing Amounts incurred or payable in connection with such Refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness, Disqualified Stock or preferred stock that the Issuer or any Restricted Subsidiary of the Issuer may incur or issue pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

For purposes of calculating any ratio-based basket, with respect to any revolving Indebtedness, delayed draw facility or other committed debt financing incurred under such ratio-based basket, the Issuer may elect (which election may not be changed with respect to such Indebtedness), at any time, to either (x) give pro forma effect to the incurrence of the entire committed amount of such Indebtedness, in which case such committed amount may thereafter be borrowed or reborrowed, in whole or in part, from time to time, without further compliance with any ratio-based component of any provision of the Indenture, or (y) give pro forma effect to the incurrence of the actual amount drawn under such revolving Indebtedness, delayed draw facility or other committed debt financing, in which case, the ability to incur the amounts committed to under such Indebtedness will be subject to such ratio-based basket (to the extent being incurred pursuant to such ratio) at the time of each such incurrence. For purposes of determining compliance with, and the outstanding principal amount or liquidation preference, as applicable, of any particular Indebtedness incurred or Disqualified Stock or preferred stock issued pursuant to and in compliance with, this covenant, if any commitments in respect of revolving or deferred draw Indebtedness are established in reliance on any clause of the definition of Permitted Debt measured by reference to a percentage of Consolidated EBITDA, at the Issuer's option, on the date of the initial borrowing of such Indebtedness or entry into the definitive agreement providing the commitment to fund such Indebtedness after giving pro forma effect to the incurrence of the entire committed amount of such Indebtedness (such committed amount, a "*Grower Tested Committed Amount*") may thereafter be borrowed and reborrowed, in whole or in part, from time to time, irrespective of whether or not such incurrence would cause such percentage of Consolidated EBITDA to be exceeded and such Grower Tested Committed Amount shall be deemed outstanding pursuant to such basket so long as such commitments are in effect. If any Indebtedness is incurred or any Disqualified Stock or preferred stock is issued to Refinance Indebtedness (or unutilized commitments in respect of Indebtedness) initially incurred (or established) or Disqualified Stock or preferred stock issued (or to Refinance Indebtedness incurred (or commitments established) or Disqualified Stock or preferred stock issued) to Refinance Indebtedness initially incurred (or commitments initially established) or Disqualified Stock or preferred stock initially issued in reliance on any clause or clauses of the definition of Permitted Debt measured by reference to a percentage of Consolidated EBITDA or a ratio-based basket at the time of incurrence or issuance, and such Refinancing would cause such percentage of Consolidated EBITDA to be exceeded or ratio to be unmet if calculated on the date of such Refinancing, such percentage of Consolidated EBITDA or ratio shall not be deemed to be exceeded or unmet (and such Indebtedness, Disqualified Stock or preferred stock shall be deemed permitted) so long as the principal amount or the liquidation preference of such Indebtedness, Disqualified Stock or preferred stock does not exceed an amount equal to the principal amount or liquidation preference of such Indebtedness, Disqualified Stock or preferred stock being Refinanced, plus Additional Refinancing Amounts in connection with such Refinancing.

Notwithstanding anything in the Indenture to the contrary, unless the Issuer elects otherwise, if, on any date, the Issuer or any of its Restricted Subsidiaries in connection with any transaction or series of related transactions (A) incurs Indebtedness or issues Disqualified Stock or preferred stock as permitted by a ratio-based or ratio-referent clause or provision and (B) incurs Indebtedness or issues Disqualified Stock or preferred stock under a non-ratio-based or non-ratio-referent clause or provision (other than, with respect to the Maximum Incremental Leverage Amount, any Indebtedness incurred pursuant to clause (1)(a) of the definition of "Permitted Debt" (other than amounts that were previously borrowed under clause (1)(a) that have been voluntarily prepaid, repaid or repurchased)), then the applicable ratio will be calculated on such date with respect to any incurrence under the applicable ratio-based or ratio-referent clause or provision without giving effect to the incurrence under such non-ratio-based or non-ratio-referent clause or provision made in connection with such transaction or series of related transactions.

If Indebtedness originally incurred or Disqualified Stock or preferred stock originally issued in reliance upon a percentage of Consolidated EBITDA or the Maximum Incremental Leverage Amount under clause (1) of the second paragraph of this covenant is being refinanced under such clause (1) and such refinancing would cause the maximum amount of Indebtedness, Disqualified Stock or preferred stock thereunder to be exceeded at such time, then such refinancing will nevertheless be permitted thereunder and such additional Indebtedness, Disqualified Stock or preferred stock will be deemed to have been incurred, and permitted to be incurred, under such clause (1) so long as the principal amount or the liquidation preference of such refinancing Indebtedness, Disqualified Stock or preferred stock does not exceed an amount equal to the principal amount or liquidation preference of Indebtedness, Disqualified Stock or preferred stock being refinanced plus Additional Refinancing Amounts in connection with such refinancing.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person.

Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries that are Guarantors, if any, to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind (other than Permitted Liens), securing Indebtedness of the Issuer or its Restricted Subsidiaries that are Guarantors, if any, on any property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, unless in each case:

(1) in the case of Liens securing Subordinated Indebtedness, the Notes are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Notes are equally and ratably secured.

Any Lien created for the benefit of the holders of the Notes pursuant to this covenant shall be deemed automatically and unconditionally released and discharged upon (i) the release of the Lien that gave rise to the obligation to secure the Notes, (ii) in the case of any such Lien in favor of any Note Guarantee, the termination and discharge of such Note Guarantee in accordance with the terms of the Indenture or (iii) any sale, exchange or transfer (other than a transfer constituting a transfer of all or substantially all of the assets of the Issuer that is governed by the provisions of the covenant described under "—Merger, Consolidation or Sale of Assets") to any Person not an Affiliate of the Issuer of the property or assets secured by such Lien, or of all of the Capital Stock held by the Issuer or any of its Restricted Subsidiaries in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien.

For purposes of determining compliance with this covenant, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of Permitted Liens described in definition of "Permitted Liens" or pursuant to the first paragraph of this covenant but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens described in the definition of "Permitted Liens" or pursuant to the first paragraph of this covenant, the Issuer shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing each item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the clauses of the definition of "Permitted Liens" and such Lien securing such item of Indebtedness will be treated as being incurred or existing pursuant to only one of such clauses or pursuant to the first paragraph hereof.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence thereof, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary that is not a Guarantor to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions of the Issuer or any of its Restricted Subsidiaries (i) in effect on the Issue Date, (ii) pursuant to the Senior Credit Agreements and other documents relating to the Senior

Credit Agreements, related swap contracts and Indebtedness permitted pursuant to clause (2) of the definition of "Permitted Debt" or (iii) pursuant to the Opco Notes Indentures, the Opco Notes and the Secured Opco Notes Security Documents;

(2) the Indenture, the Notes and the Note Guarantees (and any Additional Notes and related guarantees);

(3) agreements governing other Indebtedness, Disqualified Stock or preferred stock permitted to be incurred under the provisions of the covenant described above under "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein either (i) are not materially more restrictive than those contained in agreements governing Indebtedness in effect on the Issue Date, or (ii) are not materially more disadvantageous to holders of the Notes than is customary in comparable financings (as determined by the Issuer in good faith, which determination shall be conclusive) and in the case of subclause (ii) either (x) the Issuer determines (in good faith) that such encumbrance or restriction will not affect the Issuer's ability to make principal or interest payments on the Notes or (y) such encumbrances or restrictions apply only during the continuance of a default in respect of payment or a financial maintenance covenant relating to such Indebtedness;

(4) applicable law, rule, regulation, order, approval, license, permit or similar restriction;

(5) any instrument of a Person acquired by, or merged, amalgamated or consolidated with or into, the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition, at the time it merges with or into the Issuer or any Restricted Subsidiary (except to the extent such instrument was entered into in connection with or in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired or designated; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment or sub-letting provisions in contracts, leases, sub-leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations, mortgage financings and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) contracts for the sale or other disposition of Capital Stock or assets, including any agreement for the sale or other disposition of a Restricted Subsidiary of all or substantially all of the assets of such Restricted Subsidiary in compliance with the terms of the Indenture that restricts distributions by that Restricted Subsidiary pending such sale or other disposition;

(9) Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Secured Indebtedness otherwise permitted to be incurred pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" and Liens permitted to be incurred pursuant to the covenant described under "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, limited liability company organizational documents and other similar agreements (including agreements entered into in connection with a Permitted Investment or pursuant to the covenant described under "—Restricted Payments"), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash, Cash Equivalents or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(14) any Restricted Investment not prohibited by the covenant described under "—Restricted Payments" and any Permitted Investment;

(15) any encumbrance or restriction of a Securitization Entity effected in connection with a Qualified Securitization Transaction; *provided*, *however*, that such restrictions apply only to such Securitization Entity;

(16) other Indebtedness, Disqualified Stock or preferred stock of Non-Guarantor Subsidiaries that is incurred or issued subsequent to the Issue Date pursuant to "—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" hereof;

(17) any encumbrance or restriction with respect to an Unrestricted Subsidiary pursuant to or by reason of an agreement that the Unrestricted Subsidiary is a party to or entered into before the date on which such Unrestricted Subsidiary became a Restricted Subsidiary of the Issuer; *provided* that such agreement was not entered into in anticipation of the Unrestricted Subsidiary becoming a Restricted Subsidiary of the Issuer and any such encumbrance or restriction does not extend to any assets or property of the Issuer of any Restricted Subsidiary other than the assets and property of such Unrestricted Subsidiary;

(18) provisions with respect to the receipt of a rebate on an operating lease until all obligations due to a lessor on other operating leases are satisfied or other customary restrictions in respect of assets or contract rights acquired by a Restricted Subsidiary of the Issuer in connection with a Sale/Leaseback Transaction;

(19) encumbrances and restrictions contained in contracts entered into in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary of the Issuer or the ability of the Issuer or such Restricted Subsidiary to realize such value, or to make any distributions relating to such property or assets in each case in any material respect; and

(20) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) in the immediately preceding paragraph imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (19) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, not materially more restrictive as a whole with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this covenant, (i) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common shares shall not be deemed a restriction on the ability to make distributions on Capital Stock and (ii) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary of the Issuer to other Indebtedness incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Merger, Consolidation or Sale of Assets

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person, (2) consummate a Division as the Dividing Person (whether or not the Issuer is the surviving entity) or (3) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation, merger or Division (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia (such Person, the "*Surviving Entity*");

(2) the Surviving Entity (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes and the Indenture pursuant to a supplemental indenture;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Surviving Entity would, after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (a) be permitted to incur at least $1.00 of additional Indebtedness as Ratio Debt, (b) have had a Fixed Charge Coverage Ratio equal to or greater than the actual Fixed Charge Coverage Ratio for the Issuer for such four-quarter period or (c) have had a Consolidated Total Debt Ratio equal to or less than such ratio for the Issuer for such four-quarter period; and

(5) the Surviving Entity (if other than the Issuer) shall deliver, or cause to be delivered, to the Trustee an Officer's Certificate and an opinion of counsel, each to the effect that such consolidation, merger, Division, sale, conveyance, assignment, transfer, lease or other disposition complies with the requirements of the Indenture.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale, assignment, transfer, conveyance, lease, Division or other disposition of assets between or among the Issuer and any Guarantor. Clauses (3) and (4) of the first paragraph of this covenant will not apply to (a) any merger, consolidation or amalgamation of any Restricted Subsidiary with or into the Issuer, (b) any consolidation, amalgamation or merger of the Issuer into, or sale, assignment, transfer, lease, conveyance or other disposition of all or part of the properties and assets of the Issuer to, any Guarantor, (c) a merger, consolidation or amalgamation of the Issuer with or into an Affiliate for the purpose of reincorporating such Issuer in another jurisdiction so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby or (d) the conversion of the Issuer or a Restricted Subsidiary into a corporation, partnership, limited partnership, limited liability company or trust organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia. In addition, the Issuer or any Restricted Subsidiary may change its name.

All references to an "Issuer" in this "Description of Notes" shall be deemed to include any successor entity that assumes all of the obligations of the Issuer under the Notes in a transaction that complies with this "Merger, Consolidation or Sale of Assets" covenant. Following any such assumption (except in the case of a lease), the Issuer or such predecessor company, as the case may be, shall be released from its obligations under the Indenture and the Notes.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer involving aggregate payments or consideration in excess of the greater of (x) $30.0 million and (y) 7.5% of Consolidated EBITDA (each, an "*Affiliate Transaction*"), unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable, taken as a whole, to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person (as determined in good faith by the senior management or the Board of Directors of the Issuer or any direct or indirect parent of the Issuer); and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of the greater of (x) $50.0 million and (y) 15.0% of Consolidated EBITDA, the terms of the Affiliate Transaction have been approved by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer or such Restricted Subsidiary, as applicable.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any reasonable or customary employment agreement, consulting agreement, severance agreement, employee benefit plan, compensation arrangement, officer or director indemnification agreement or any similar arrangement entered into by, or policy of, the Issuer or any of its Restricted Subsidiaries and payments pursuant thereto;

(2) (a) transactions between or among the Issuer and/or its Restricted Subsidiaries, (b) transactions effected as part of a Qualified Securitization Transaction and (c) any merger, amalgamation or consolidation of the Issuer and any direct or indirect parent of the Issuer; *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 in compliance with the terms of the Indenture and effected for a bona fide business purpose;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees, independent contractors or consultants of the Issuer or any of its Restricted Subsidiaries or any direct or indirect parent of the Issuer;

(5) any sale, issuance or transfer of Equity Interests (other than Disqualified Stock) of the Issuer or any direct or indirect parent company of the Issuer to Affiliates of the Issuer and the granting of registration and other customary rights in connection therewith, and the performance by the Issuer or any of its Restricted Subsidiaries of its obligations with respect thereto;

(6) (a) Restricted Payments that do not violate the provisions of the Indenture described under "—Restricted Payments," and (b) Permitted Investments (including fees and expenses related thereto);

(7) the performance by the Issuer and its Restricted Subsidiaries of their respective obligations under, or payments in respect of, the Acquisition Agreement, the Advisory Agreement, limited liability company, limited partnership or other constitutive document or security holders agreement or other agreements in effect as of the Issue Date, and the payment of fees and expenses not in excess of the amounts specified in, or determined pursuant to, such agreements as in effect on the Issue Date; *provided*, *however*, that the existence of, or the performance by the Issuer and its Restricted Subsidiaries of their respective obligations under, any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such existing agreement together with all

amendments thereto, taken as a whole, or new agreement are not otherwise more disadvantageous (as determined in good faith by the senior management or the Board of Directors of the Issuer or any direct or indirect parent of the Issuer) to the holders of the Notes in any material respect than the original agreement as in effect as of the Issue Date;

(8) if such Affiliate Transaction is with a Person in its capacity as a holder of Indebtedness, Disqualified Stock, preferred stock or Capital Stock of the Issuer or any Restricted Subsidiary of the Issuer where such Person is treated no more favorably than the other holders of Indebtedness, Disqualified Stock, preferred stock or Capital Stock of the Issuer or any Restricted Subsidiary of the Issuer;

(9) transactions with an Affiliate where the only consideration paid is Qualifying Equity Interests of the Issuer;

(10) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, deliver to the Trustee a letter from an Independent Financial Advisor stating that such transaction (i) is fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) meets the requirements of clause (1) of the preceding paragraph;

(11) payments, loans, advances or guarantees (or cancellation of loans, advances or guarantees) to employees, officers, directors, consultants or independent contractors of the Issuer or any of its Restricted Subsidiaries or any direct or indirect parent of the Issuer in the ordinary course of business;

(12) any agreement as in effect as of the Issue Date or any amendment thereto (so long as any such agreement together with all amendments thereto, taken as a whole, is not more disadvantageous in any material respect (as determined in good faith by the senior management or the Board of Directors of the Issuer or any direct or indirect parent of the Issuer) to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date) or any transaction contemplated thereby;

(13) transactions with joint ventures entered into in the ordinary course of business;

(14) any contributions to the common equity capital of the Issuer or any investments by the Principals or a direct or indirect parent of the Issuer in Equity Interests (other than Disqualified Stock of the Issuer) of the Issuer (and payment of reasonable out-of-pocket expenses incurred by the Principals or a direct or indirect parent of the Issuer in connection therewith);

(15) (x) guarantees of performance by the Issuer and its Restricted Subsidiaries of Unrestricted Subsidiaries in the ordinary course of business, except for guarantees of Indebtedness in respect of borrowed money, and (y) pledges of Equity Interests of Unrestricted Subsidiaries;

(16) any issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer, or of a Restricted Subsidiary of the Issuer, as appropriate, in good faith;

(17) the entry into any tax-sharing arrangements between the Issuer or any of its Restricted Subsidiaries and any of their direct or indirect parents and payments with respect thereto; *provided*, *however*, that any payment made by the Issuer or any of its Restricted Subsidiaries under such tax-sharing arrangements is, at the time made, otherwise permitted by the covenant described above under "—Restricted Payments";

(18) transactions with Unrestricted Subsidiaries, customers, clients, lessors, landlords, suppliers, contractors, or purchasers or sellers of goods or services that are Affiliates, in each case, in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Issuer and its Restricted Subsidiaries, or made in the reasonable determination of senior management or the Board of Directors of the Issuer or any direct or indirect parent of the Issuer;

(19) transactions between the Issuer or any of its Restricted Subsidiaries and any Person who is a director and who is also a director of the Issuer or any direct or indirect parent of the Issuer; *provided*, *however*, that such director abstains from voting as a director of the Issuer or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(20) payments by the Issuer or any of its Restricted Subsidiaries to or on behalf of the Principals for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with the acquisitions or divestitures, which payments are approved in good faith by a majority of the Board of Directors of the Issuer or any direct or indirect parent of the Issuer;

(21) sales of accounts receivable or other transactions effected in connection with a Securitization Transaction;

(22) transactions pursuant to, and complying with the second paragraph of the covenant under "—Merger, Consolidation or Sale of Assets;" and

(23) the Acquisition Transactions and the Transactions (including, for the avoidance of doubt, the dividend to the Sponsor described in "Use of Proceeds") and the payment of any fees or expenses related thereto or to fund amounts owed to Affiliates in connection therewith (including dividends, payments or loans made to any direct or indirect parent of the Issuer to fund payment of any such fees or expenses).

Future Guarantees

If, after the Issue Date, (a) any Restricted Subsidiary of the Issuer (including any newly formed, newly acquired or newly redesignated Restricted Subsidiary, but excluding any Securitization Entity and any Excluded Subsidiary) that is not then a Guarantor guarantees or incurs any Indebtedness under a Holdco Credit Agreement or (b) the Issuer otherwise elects to have any Restricted Subsidiary become a Guarantor, then, in each such case, the Issuer shall cause such Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary shall become a Guarantor under the Indenture providing for a Note Guarantee by such Restricted Subsidiary on the same terms and conditions as those set forth in the Indenture and applicable to the other Guarantors; *provided* that, in the case of clause (a), such supplemental indenture shall be executed and delivered to the Trustee within 20 business days of the date that such Indebtedness under such Holdco Credit Agreement has been guaranteed or incurred by such Restricted Subsidiary.

Each Note Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Note Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, financial assistance, corporate benefit, capital maintenance or similar laws affecting the rights of creditors generally. However, such limitations may not be effective under local law. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Fraudulent transfer or fraudulent conveyance laws may permit a court to void the Notes or payments made thereunder and, if that occurs, you may not receive any payments on the Notes."

Each Note Guarantee shall be released upon the terms and in accordance with the provisions of the Indenture described under "—Note Guarantees."

Designation of Restricted Subsidiaries and Unrestricted Subsidiaries

After the Issue Date, the Board of Directors of the Issuer or any direct or indirect parent of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If such Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market

Value of all outstanding Investments in such Restricted Subsidiary by the Issuer and its Restricted Subsidiaries will be deemed to be an Investment made as of the time of determination or the designation and will reduce the amount available for Restricted Payments under the covenant described above under “—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 such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Restricted Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Issuer or any direct or indirect parent of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under “—Restricted Payments” or under one of more clauses of the definition of “Permitted Investments.” 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 as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under “—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock”, the Issuer will be in default of such covenant. The Board of Directors of the Issuer or any direct or indirect parent of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary 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 “—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock”, 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 designation of an Unrestricted Subsidiary as a Restricted Subsidiary shall be evidenced to the Trustee by an Officer’s Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under “—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock.”

Reports

The Indenture will provide that so long as any Notes are outstanding, the Issuer will provide the Trustee and, upon request, to holders of Notes a copy of all of the information and reports referred to below:

(1) within 90 days after the end of each fiscal year (or such longer period as may be permitted by the Commission pursuant to the reporting requirements for a non-accelerated filer), annual audited consolidated financial statements of the Issuer that would have been required to be contained in an Annual Report on Form 10-K under the Exchange Act if the Issuer had been a reporting company under the Exchange Act for such fiscal year (but only to the extent similar information is presented in this offering memorandum), including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with respect to the periods presented and a report on the annual financial statements by the Issuer’s independent accountants (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in this offering memorandum);

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year thereafter (or such longer period as may be permitted by the Commission pursuant to the reporting requirements for a non-accelerated filer), unaudited quarterly consolidated financial statements of the Issuer (including a balance sheet, statement of operations and statement of cash flows) that would have been required to be contained in a Quarterly Report on Form 10-Q under the Exchange Act if the Issuer had been a reporting company under the Exchange Act for the interim period as of, and for the period ending on, the end of such fiscal quarter (but only to the extent similar information is presented in this offering memorandum), including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (all of the foregoing financial information to be

prepared on a basis substantially consistent with the corresponding financial information included in this offering memorandum), subject to normal year-end adjustments and the absence of footnotes; and

(3) within 15 days after the time period specified for filing current reports on Form 8-K by the Commission, current reports containing substantially all of the information that would be required to be filed in a current report on Form 8-K under the Exchange Act on the Issue Date pursuant to Items 1.01, 1.03, 2.01, 2.03, 2.04, 4.01, 4.02, 5.01, 5.02(a) through (c) (other than compensation information), and 5.03(b) (in each case, excluding the financial statements, pro forma financial information and exhibits, if any, that would be required by Item 9.01) of Form 8-K if the Issuer had been a reporting company under the Exchange Act; *provided*, *however*, that no such current report will be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to holders or the business, assets, operations, financial position or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole, or if the Issuer determines in its good faith judgment that such disclosure would otherwise cause material competitive harm to the business, assets, operations, financial position or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole;

provided, *however*, that in addition to providing such information to the Trustee, the Issuer will be required to make available to the holders, bona fide prospective investors in the Notes, bona fide market makers in the Notes affiliated with any initial purchaser and bona fide securities analysts (to the extent providing analysis of investment in the Notes) such information by (i) posting to its website (or the website of any direct or indirect parent of the Issuer or of a Subsidiary of the Issuer) or on IntraLinks or any comparable password-protected online data system, in each case, subject to the extensions provided for in clauses (1) and (2) above, within 15 days after the time the Issuer would be required to provide such information pursuant to clause (1), (2) or (3) above, as applicable, or (ii) otherwise providing substantially comparable availability of such reports (as determined by the Issuer in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another comparable private electronic information service shall constitute substantially comparable availability).

Notwithstanding the foregoing, (a) the Issuer will not be required to furnish any information, financial statements, certificates or reports required by (i) Section 302, Section 404 or Section 906 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K, (ii) Regulation G or Item 10(e) of Regulation S-K promulgated by the Commission with respect to any non-GAAP financial measures contained therein, or (iii) Rule 3-01(e), Rule 3-05, Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, (b) such reports will not be required to contain any segment reporting, (c) such reports shall not be required to present compensation required by Item 402 of Regulation S-K or otherwise or beneficial ownership information; and (d) the information and reports referred to in clauses (1), (2) and (3) in the first paragraph of this covenant shall not be required to include any exhibits required by Item 15 of Form 10-K, Item 6 of Form 10-Q or Item 9.01 of Form 8-K.

The Issuer will be deemed to have furnished such reports referred to above to the Trustee and the holders of the Notes if the Issuer or any direct or indirect parent of the Issuer has (i) filed such reports with the Commission via the EDGAR (or successor) filing system or if such reports are otherwise publicly available, or (ii) posted such reports on the Issuer's (or any direct or indirect parent of the Issuer or any Subsidiary) website. The Trustee will have no responsibility to determine whether such posting has occurred.

For so long as the Issuer has designated certain of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required to be provided by this covenant will include a reasonably detailed summary presentation (which need not be audited or reviewed by the auditors), either on the face of the financial statements, in the footnotes thereto, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" or other comparable section, 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.

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 the Trustee and the holders of the Notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision).

In addition, notwithstanding the foregoing, the financial statements, information and other information and documents required to be provided as described above may be, rather than those of the Issuer, those of (a) any predecessor or successor of the Issuer or any entity meeting the requirements of clause (b) or (c) of this paragraph, (b) any Wholly Owned Subsidiary of the Issuer that, together with its consolidated Subsidiaries, constitutes substantially all of the assets of the Issuer and its consolidated Subsidiaries ("*Qualified Reporting Subsidiary*") or (c) any direct or indirect parent of the Issuer; *provided* that, if the financial information so furnished relates to such Qualified Reporting Subsidiary of the Issuer or such direct or indirect parent of the Issuer, the same is accompanied by consolidating information, which may be posted to the website of the Issuer (or any direct or indirect parent of the Issuer or any Subsidiary) or on a non-public, password-protected website maintained by the Issuer or a third party, that explains in reasonable detail the differences between the information relating to such Qualified Reporting Subsidiary or such parent entity (as the case may be), 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 or reviewed by the Issuer's independent accountants. We expect to rely upon the second preceding sentence to provide financial statements, information and other documents of LABL, Inc. following the Issue Date.

So long as Notes are outstanding, the Issuer will also:

(a) within 15 business days after furnishing to the Trustee the annual and quarterly reports required by clauses (1) and (2) of the first paragraph of this "Reports" covenant, hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

(b) post to its website or on IntraLinks or any comparable password-protected online data system, which will require a confidentiality acknowledgment, prior to the date of the conference call required to be held in accordance with clause (a) of this paragraph, announcing the time and date of such conference call and either including all information necessary to access the call or informing holders, prospective investors, market makers affiliated with any initial purchaser and securities analysts how they can obtain such information, including, without limitation, the applicable password or other login information.

Any Person who requests or accesses such financial information required by this covenant will be required to represent to the Issuer (to the reasonable good faith satisfaction of the Issuer) that:

(1) it is a holder, a Beneficial Owner of the Notes, a bona fide prospective investor in the Notes or a bona fide market maker in the Notes affiliated with any initial purchaser or a bona fide securities analyst providing an analysis of investment in the Notes;

(2) it will not use the information in violation of applicable securities laws or regulations;

(3) it will keep such information confidential and will not communicate the information to any Person and not use such information in any manner intended to compete with the business of the Issuer and its Subsidiaries; and

(4) it is not a Person (which includes such Person's Affiliates) that (i) is principally engaged in a Permitted Business or (ii) derives a significant portion of its revenue from operating a Permitted Business.

Notwithstanding anything herein to the contrary, failure by the Issuer to comply with any of its obligations hereunder for purposes of clause (3) under "—Events of Default and Remedies" will not constitute an

Event of Default thereunder until 120 days after the receipt of the written notice delivered thereunder. To the extent any information is not provided within the time periods specified in this covenant and such information is subsequently provided, 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.

The delivery of any reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including our compliance with any of our covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on an Officer's Certificate).

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption, offer to purchase or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or any of its Restricted Subsidiaries for 60 days after notice by the Trustee to the Issuer or by the holders of at least 30% in aggregate principal amount of the Notes then outstanding to the Issuer and the Trustee to comply with any of the agreements in the Indenture (other than a default referred to in clause (1) or (2) above); *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 120 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 borrowed money (other than Indebtedness owed to the Issuer or any of its Restricted Subsidiaries or any Affiliate) of the Issuer or any of the Issuer's Restricted Subsidiaries that is a Significant Subsidiary (or the payment of which is guaranteed by the Issuer or any of the Issuer's Restricted Subsidiaries that is a Significant Subsidiary), whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture, if that default:

> (a) is caused by a failure to pay principal of, or premium, if any, on any such Indebtedness at final Stated Maturity (after giving effect to any applicable grace periods) (a "*Payment Default*"); or
>
> (b) results in the acceleration of such Indebtedness prior to its express maturity, 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 or the maturity of which has been so accelerated, aggregates at least the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA;

(5) failure by the Issuer or any of the Issuer's Restricted Subsidiaries that is a Significant Subsidiary to pay final non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA (other than any judgments covered by indemnities or insurance policies issued by reputable companies), which judgments are not paid, discharged or stayed, for a period of 60 days, after the applicable judgment becomes final and non-appealable;

(6) except as permitted by the Indenture, any Note Guarantee of a Significant Subsidiary of the Issuer is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect (except as contemplated by the terms of the Indenture), or any Significant Subsidiary of the Issuer, or any

Person acting on behalf of such Significant Subsidiary of the Issuer, denies or disaffirms its obligations under its Note Guarantee and any such Default continues for 10 days; or

(7) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of the Issuer's Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to either the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 30% in aggregate principal amount of the then outstanding Notes by notice to the Issuer (with a copy to the Trustee if given by holders of Notes) may declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal of, premium on, if any, and interest, if any, on the Notes.

In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness described in clause (4) under the first paragraph of "—Events of Default and Remedies" (excluding any resulting payment default under the Indenture or the Notes), the declaration of acceleration of the Notes shall be automatically annulled if such Indebtedness is paid or otherwise acquired or retired or the holders of all Indebtedness described in clause (4) have rescinded or waived the declaration of acceleration in respect of such Indebtedness within 20 business days of the date of such declaration of acceleration of the Notes, and if the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, and all existing Events of Default, except non-payment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived and all amounts owing to the Trustee have been paid.

The Indenture will provide that if a Default is deemed to occur solely as a consequence of the existence of another Default (the "*Initial Default*"), then, at the time such Initial Default is cured, the Default that resulted solely because of that Initial Default will also be cured without any further action.

In case an Event of Default occurs and is continuing, 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 holders of Notes unless such holders have offered and, if requested, provided to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest, if any, when due, no holder of a Note 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 has occurred and is continuing;

(2) holders of at least 30% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such holder or holders offer and, if requested, provide to the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with such request within 60 days after receipt of the notice, request and the offer of security and/or indemnity; and

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

The holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, the Notes (except nonpayment of principal, premium, if any, or interest on the Notes that became due solely because of the acceleration of the Notes).

The Issuer is required to deliver to the Trustee annually an Officer's Certificate regarding compliance with the Indenture within 90 days after the end of the fiscal year (beginning with the first full fiscal year after the Issue Date, which may be delivered within 120 days after the end of such fiscal year). Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee, within 30 days of becoming aware of such Default or Event of Default (unless such Default or Event of Default has been cured or waived within such 30 day period), an Officer's Certificate specifying such Default or Event of Default, its status and what action the Issuer or Guarantors propose to take with respect thereto.

No Personal Liability of Directors, Officers, Employees and Equity Holders, including Members

No manager, managing director, director, officer, employee, incorporator or equity holder, including members, of the Issuer, any Subsidiary or any direct or indirect parent of the Issuer, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time elect to have all of the Issuer's obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*"), except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of premium on, if any, and interest, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer 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;

(3) the rights, powers, trusts, duties and immunities of the Trustee under the Indenture, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provision of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including the obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the

Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes, covenants that are not subject to Covenant Defeasance or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars in an amount, non-callable Government Securities, the scheduled payments of principal of and interest thereon will be in an amount, or a combination thereof in amounts, as will be sufficient, without consideration of any reinvestment of interest, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium on, if any, and interest, if any, on, the outstanding Notes to the stated date for payment thereof or to the applicable redemption date, as the case may be, and all interest, if any, accrued to such dates, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) the Issuer must deliver to the Trustee, (a) in the case of Legal Defeasance, an opinion of counsel to the effect that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm, that the holders of outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and (b) in the case of Covenant Defeasance, an opinion of counsel to the effect the holders of outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been in the case if such Covenant Defeasance had not occurred;

(3) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(4) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of or constitute a default under, any material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of the Guarantors is a party or by which the Issuer or any of the Guarantors is bound;

(5) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(6) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next three succeeding paragraphs, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes other than Notes beneficially owned by the Issuer or its Affiliates (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, or interest, if any, on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes other than Notes beneficially owned by the Issuer or its Affiliates (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that (x) if any such amendment or waiver will only affect one series of Notes (or less than all series of Notes) then outstanding under the Indenture, then only the consent of the holders of a majority in principal amount of the Notes of such series then outstanding (including, in each case, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes) shall be required and (y) if any such amendment or waiver by its terms will affect a series of Notes in a manner different and materially adverse relative to the manner such amendment or waiver affects other series of Notes, then the consent of the holders of a majority in principal amount of the Notes of such series then outstanding (including, in each case, consents obtained in connection with a tender offer or exchange offer for Notes) shall be required.

Without the consent of each holder of the then outstanding Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the Stated Maturity of any Note or alter or waive any of the provisions relating to the dates on which the Notes may be redeemed or the redemption price thereof with respect to the redemption of the Notes (other than any change to the notice periods with respect to such redemption);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in anything other than U.S. dollars;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, premium on, if any, or interest, if any, on, the Notes;

(7) subject to the final paragraph under "—Repurchase at the Option of Holders—Asset Sales," modify the obligation of the Issuer to repurchase Notes under "—Repurchase at the Option of Holders," after the date of an event giving rise to such repurchase obligation;

(8) release any Guarantor that is a Significant Subsidiary from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(9) make any change in the preceding amendment and waiver provisions; or

(10) make any change to, or modify, the ranking of the Notes in respect of right of payment in a manner that would adversely affect the holders of the Notes.

A Note does not cease to be outstanding because the Issuer or its respective Affiliates hold the Note; *provided* that in determining whether the holders of the requisite aggregate principal amount of outstanding

Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes beneficially owned by the Issuer or its respective Affiliates shall be disregarded and deemed not to be outstanding.

Notwithstanding the foregoing, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes or the Note Guarantees:

(1) to cure any ambiguity, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided*, that the uncertificated Notes shall be issued in registered form for purposes of Section 163(f) of the Code);

(3) to provide for the assumption of the Issuer's or any Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger, consolidation, amalgamation or Division or sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any holder;

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act, if applicable;

(6) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this Description of Notes;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes in accordance with the terms of the Indenture;

(9) to add or release Note Guarantees in accordance with the terms of the Indenture;

(10) in the event that PIK Notes are issued, to make appropriate amendments to the Indenture to reflect an appropriate minimum denomination of PIK Notes, establish minimum redemption amounts for PIK Notes and other changes necessary to administer PIK Notes; or

(11) to modify any notice period or notice procedure related to the Minimum Liquidity Provision (but not, for the avoidance of doubt, any of the definitions enumerated in the ninth paragraph under "—Principal, Maturity and Interest") in order to comply with the requirements of DTC.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. Until an amendment or waiver becomes effective, a consent to it by a holder is a continuing consent by such holder and every subsequent holder of all or part of the related Note. Any such holder or subsequent holder may revoke such consent as to its Notes by written notice to the Trustee or the Issuer, received thereby before the date on which holders of the requisite principal amount of Notes have consented to such amendment or waiver.

For the avoidance of doubt, no amendment, waiver, modification or deletion of the provisions described under "—Repurchase at the Option of Holders" or any of the covenants described under "—Certain Covenants," shall be deemed to impair or affect any rights of holders of the Notes to institute suit for the enforcement of any payment on or with respect to, or to receive payment of principal of, or premium, if any, or interest on, the Notes.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder (except for certain rights of the Trustee, which shall survive), when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust, have been cancelled or delivered to the Trustee for cancellation; or

(b) all such Notes not previously delivered to the Trustee for cancellation have become due and payable, will become due and payable at their Stated Maturity within one year or have been called for redemption or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of a notice of redemption in the name and at the expense of the Issuer and the Issuer or any Restricted Subsidiary has deposited or caused to be deposited with the Trustee in a manner that is not revocable, (i) cash in U.S. dollars in an amount, (ii) non-callable Government Securities, the scheduled payments of principal of and interest thereon will be in an amount, or (iii) a combination thereof in an amount, as will be sufficient (in the case that Government Securities have been deposited, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants certified in writing to the Trustee), without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Notes for principal of, premium on, if any, and interest, if any, on, the Notes to the date of maturity or redemption;

(2) the Issuer or any Restricted Subsidiary has paid or caused to be paid all sums then due and payable by the Issuer and Guarantors under the Indenture; and

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

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Measuring Compliance

With respect to any (x) Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction and (y) repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock with respect to which a notice of repayment (or similar notice), which may be conditional, has been delivered, in each case for purposes of determining:

(1) whether any Indebtedness (including Acquired Debt) that is being incurred or Disqualified Stock or preferred stock being issued in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock is permitted to be incurred in compliance with the covenant described under the caption "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(2) whether any Lien being incurred in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock or to secure any such Indebtedness is permitted to be incurred in accordance with the covenant described under the caption "—Certain Covenants—Liens" or the definition of "Permitted Liens";

(3) whether any other transaction undertaken or proposed to be undertaken in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock complies with the covenants or agreements contained in the Indenture or the Notes;

(4) any calculation of the ratios, baskets or financial metrics, including Fixed Charge Coverage Ratio, Consolidated Total Debt Ratio, Consolidated Senior Secured Debt Ratio, Consolidated Net Income, Consolidated EBITDA, Consolidated Total Indebtedness, Total Assets and/or Pro Forma Cost Savings and, whether a Default or Event of Default exists in connection with the foregoing; and

(5) whether any condition precedent to the incurrence of Indebtedness (including Acquired Indebtedness) or Liens, or issuance of Disqualified Stock or preferred stock, in each case that is being incurred in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock is satisfied,

at the option of the Issuer, any of its Restricted Subsidiaries, any direct or indirect parent of the Issuer, any successor entity of any of the foregoing or a third party (the "*Testing Party*"), the date of declaration of such Restricted Payment, the date that the definitive agreement for such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction is entered into, the date a public announcement of such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or the date of such notice, which may be conditional, of such repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock is given to the holders of such Indebtedness, Disqualified Stock or preferred stock (any such date, the "*Transaction Agreement Date*") may be used as the applicable date of determination, as the case may be, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Pro Forma Basis" or "Consolidated EBITDA." For the avoidance of doubt, if the Testing Party elects to use the Transaction Agreement Date as the applicable date of determination in accordance with the foregoing, (a) any fluctuation or change in the Fixed Charge Coverage Ratio, Consolidated Total Debt Ratio, Consolidated Senior Secured Debt Ratio, Consolidated Net Income, Consolidated EBITDA, Consolidated Total Indebtedness, Total Assets and/or Pro Forma Cost Savings of the Issuer from the Transaction Agreement Date to the date of consummation of such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock will not be taken into account for purposes of determining whether any Indebtedness or Lien that is being incurred in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock or in connection with compliance by the Issuer or any of its Restricted Subsidiaries with any other provision of the Indenture or the Notes or any other transaction undertaken in connection with such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock, is permitted to be incurred, (b) if financial statements for one or more subsequent fiscal quarters shall have become available, the Testing Party may elect, in its sole discretion, to re-determine all such baskets, ratios and financial metrics on the basis of such financial statements, in which case such date of redetermination shall thereafter be deemed to be the applicable Transaction Agreement Date for purposes of such baskets, ratios and financial metrics, (c) until such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock is consummated or such definitive agreements are terminated, such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness, issuance of Disqualified Stock or preferred stock and Liens) will be given pro forma effect when determining compliance of other transactions (including the incurrence of Indebtedness, issuance of Disqualified Stock or preferred stock and Liens unrelated to such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock) that are consummated after the Transaction Agreement Date and on or prior to the date of consummation of such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock and any such transactions (including any incurrence of Indebtedness or issuance of Disqualified Stock or preferred stock and the use of proceeds thereof) will be deemed to have occurred on the Transaction Agreement Date and deemed to be outstanding thereafter for purposes of calculating any baskets, ratios or financial metrics under the Indenture after the Transaction Agreement Date and before the date of consummation of such Restricted Payment, Investment, acquisition, merger, amalgamation, Division or similar transaction or repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock and (d) Consolidated Interest Expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate based on the indicative interest margin (without giving effect to any step-ups) contained in any financing commitment documentation with respect to such Indebtedness, Disqualified Stock or preferred stock or, if no such indicative interest margin exists, as reasonably determined by Issuer in good faith. In addition, the Indenture will provide that compliance with any requirement relating to the absence of a Default or Event of Default may be determined as of the Transaction Agreement Date (including any new Transaction Agreement Date) and not as of any later date as would otherwise be required under the Indenture.

Notwithstanding anything to the contrary herein, so long as an action was taken (or not taken) in reliance upon a basket, ratio of financial metric that was calculated or determined in good faith by a responsible financial or accounting officer of a Testing Party based upon financial information available to such officer at such time and such action (or inaction) was permitted hereunder at the time of such calculation or determination, any subsequent restatement, modification or adjustments made to such financial information (including any restatement, modification or adjustment that would have caused such basket or ratio to be exceeded as a result of such action or inaction) shall not result in any Default or Event of Default.

Concerning the Trustee

If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture will contain provisions that limit the right of the Trustee 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 the Guarantors; however, if it acquires any conflicting interest as defined in the Trust Indenture Act it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee (if the Indenture has been qualified under the Trust Indenture Act) or resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default has occurred and is continuing, the Trustee will be required, in the exercise of its rights and powers under the Indenture, to use the same degree of care in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holder of Notes, unless such holder has offered, and if requested, provided, to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

Governing Law; Jury Trial Waiver

The Indenture will be governed by, and construed in accordance with, the laws of the State of New York without regard to the conflict of laws principles thereof. The Indenture provides that the Issuer, the Guarantors and the Trustee, and each holder of a Note by its acceptance thereof, irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the Notes or any transaction contemplated thereby.

The Issuer has not qualified and does not expect to qualify the Indenture under the Trust Indenture Act. The Indenture will accordingly not be subject to the Trust Indenture Act, and may not contain provisions corresponding or similar to certain provisions of the Trust Indenture Act that would otherwise apply if the Indenture were so qualified, including §314(a) and §316(b) of the Trust Indenture Act.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture (when available), without charge by writing to the Issuer, c/o Platinum Equity Advisors, LLC, 360 N. Crescent Drive, South Building, Beverly Hills, CA 90210.

Certain Definitions

Set forth below are certain defined terms used herein, as defined in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used herein, as defined in the Indenture, as well as any other capitalized terms used herein for which no definition is provided.

"*ABL Collateral Agent*" means Bank of America, N.A., in its capacity as collateral agent for the lenders and other secured parties under the ABL Credit Agreement together with its successors and permitted assigns under the ABL Credit Agreement.

"*ABL Credit Agreement*" means that certain credit agreement with respect to asset-based revolving credit facility entered into on the Acquisition Date by and among the Issuer, the guarantors party thereto, Bank of America, N.A., as administrative agent and as collateral agent, and the lenders, agents and other parties party thereto, and including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, supplemented, waived, renewed or otherwise modified from time to time, and (if designated by the Issuer) as replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including (if designated by the Issuer) any agreement or indenture or commercial paper facilities with banks or other institutional lenders or investors extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder permitted under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" or altering the maturity thereof or adding Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

"*ABL Debt*" means:

(1) Indebtedness (including letters of credit and reimbursement obligations with respect thereto) and other obligations incurred by the ABL Loan Parties under or in respect of the ABL Credit Agreement and/or secured by the ABL Security Documents; and

(2) guarantees by any Restricted Subsidiary in respect of any of the obligations described in the foregoing clause (1).

"*ABL Documents*" means, collectively, the ABL Credit Agreement, the ABL Intercreditor Agreement and the indenture, credit agreement or other agreement governing other ABL Debt and the security documents related to the foregoing.

"*ABL Intercreditor Agreement*" means that certain intercreditor agreement, dated as of the Acquisition Date, by and among the ABL Collateral Agent, the Term Loan Collateral Agent, the Notes Collateral Agent and each additional agent from time to time party thereto, and acknowledged by the grantors from time to time party thereto, as may be amended, restated, supplemented or replaced, in whole or in part, from time to time.

"*ABL Loan Parties*" means, collectively, Holdings, the Opco Notes Issuer, the other borrowers from time to time party to the ABL Credit Agreement, and the guarantors under the ABL Credit Agreement.

"*ABL Security Documents*" means all security agreements, pledge agreements, control agreements, collateral assignments, mortgages, deeds of trust, security deeds, deeds to secure debt, hypothecs, collateral agency agreements, debentures or other instruments, pledges, grants or transfers for security or agreements related thereto executed and delivered by the Issuer or any Guarantor creating or perfecting (or purporting to create or perfect) a Lien upon collateral (including, without limitation, financing statements under the UCC) in favor of the ABL Collateral Agent, for the benefit of any of the holders of ABL Debt, in each case, as amended, modified, restated, supplemented or replaced, in whole or in part, from time to time, in accordance with its terms and the applicable ABL Documents subject to the terms of the ABL Intercreditor Agreement, as applicable.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock or preferred stock of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness, Disqualified Stock or preferred stock is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; *provided*, *however*, that any Indebtedness, Disqualified Stock or preferred stock of such acquired Person that is redeemed, defeased, retired or otherwise repaid at the time of or immediately upon consummation of the transactions by which such Person merges with or into or becomes a Subsidiary of such Person shall not be considered to be Acquired Debt; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Acquisition*" means the acquisition of Multi-Color and its Subsidiaries pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the Agreement and Plan of Merger, dated as of February 24, 2019, by and among LABL, Inc., Monarch Merger Corporation and Multi-Color, as amended.

"*Acquisition Date*" means July 1, 2019, the date on which the Acquisition occurred.

"*Acquisition Transactions*" means the Acquisition and related transactions, including the borrowings under the Senior Credit Agreements and the issuance of the Opco Notes and the payment of any related fees and expenses.

"*Additional Cash Capped Grower Amount*" means the greater of (x) $100.0 million and (y) 25.0% Consolidated EBITDA of the Issuer for the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding such date of determination, calculated on a Pro Forma Basis.

"*Additional Refinancing Amount*" means, in connection with the refinancing of any Indebtedness, Disqualified Stock or preferred stock, the aggregate principal amount of additional Indebtedness, Disqualified Stock or preferred stock incurred to pay: (1) accrued and unpaid interest on the Indebtedness being refinanced; (2) the increased principal amount of any Indebtedness being refinanced resulting from the in-kind payment of interest on such Indebtedness (or in the case of Disqualified Stock or preferred stock being refinanced, additional shares of such Disqualified Stock or preferred stock); (3) the aggregate amount of original issue discount on the Indebtedness being refinanced; (4) premiums (including tender premiums) and other costs associated with the redemption, repurchase, retirement, discharge or defeasance of Indebtedness, Disqualified Stock and preferred stock being refinanced; and (5) all fees and expenses (including underwriting discounts, commitment, ticking and similar fees, expenses and discounts) associated with the repayment of the Indebtedness, Disqualified Stock and preferred stock being refinanced and the incurrence of the Indebtedness incurred or Disqualified Stock or preferred stock issued in connection with such refinancing.

"*Advisory Agreement*" means the corporate advisory services agreement by and among Holdings (and/or one of its direct or indirect parent companies) and the Sponsor, as amended, restated, modified, or replaced from time to time.

"*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 purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at , 2021 (such redemption price being set forth in the table appearing above under "—Optional Redemption"), plus (ii) all required interest payments due on the Note through , 2021 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note.

Calculation of the Applicable Premium will be made by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; *provided* that such calculation or the correctness thereof shall not be a duty or obligation of the Trustee.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition (whether by Division of otherwise) of any assets or rights by the Issuer or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under "—Repurchase at the Option of Holders—Change of Control" and/or the covenant described above under "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or third parties to the extent required by applicable law or any preferred stock or Disqualified Stock of a Restricted Subsidiary of the Issuer issued in compliance with the provisions of the Indenture described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock") by any of the Issuer's Restricted Subsidiaries or the sale by the Issuer or any of its Restricted Subsidiaries of Equity Interests in any of the Issuer's Restricted Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction that involves assets or Equity Interests having a Fair Market Value of less than the greater of (x) $30.0 million and (y) 7.5% of Consolidated EBITDA;

(2) a transfer of assets between or among the Issuer and its Restricted Subsidiaries;

(3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Issuer to the Issuer or to another Restricted Subsidiary of the Issuer;

(4) the sale, lease or other transfer of products, equipment, inventory, services or accounts receivable in the ordinary course of business, the discount or forgiveness of accounts receivable in the ordinary course of business in connection with the collection or compromise thereof, the disposition of a business not comprising the disposition of an entire line of business and any sale or other disposition of surplus, damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Issuer, no longer economically practicable or commercially reasonable to maintain or useful in any material respect, taken as a whole, in the conduct of the business of the Issuer and its Restricted Subsidiaries taken as whole);

(5) licenses and sublicenses by the Issuer or any of its Restricted Subsidiaries of software or intellectual property;

(6) any surrender, termination or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under "—Certain Covenants—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under "—Certain Covenants—Restricted Payments" or a Permitted Investment;

(10) leases and subleases and licenses and sublicenses by the Issuer or any of its Restricted Subsidiaries of real or personal property in the ordinary course of business;

(11) any liquidation or dissolution of a Restricted Subsidiary of the Issuer, *provided* that such Restricted Subsidiary's direct parent is also either the Issuer or a Restricted Subsidiary of the Issuer and immediately becomes the owner of such Restricted Subsidiary's assets;

(12) [reserved];

(13) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary of the Issuer after the Acquisition Date, including, without limitation, Sale/Leaseback Transactions permitted by the Indenture;

(14) the granting of any option or other right to purchase, lease or otherwise acquire inventory and delinquent accounts receivable in the ordinary course of business;

(15) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(16) the sale, transfer, termination or other disposition of Hedging Obligations incurred in compliance with the Indenture;

(17) foreclosure, condemnation or any similar actions with respect to any property or other assets;

(18) a sale or transfer of accounts receivable and related assets of the type specified in the definition of "Securitization Transaction" (or a fractional undivided interest therein) to a Securitization Entity in a Qualified Securitization Transaction;

(19) any trade-in of equipment by the Issuer or any Restricted Subsidiary of the Issuer in exchange for other equipment; *provided* that in the good faith judgment of the Issuer, the Issuer or such Restricted Subsidiary receives equipment having a Fair Market Value equal or greater than the equipment being traded in;

(20) the transfer, sale or other disposition resulting from any involuntary loss of title, involuntary loss or damage to or destruction of or any condemnation or other taking of, any property or assets of the Issuer or any Restricted Subsidiary;

(21) the termination of leases and subleases in the ordinary course of business;

(22) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Permitted Business;

(23) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements or similar binding arrangements;

(24) the lapse, cancellation or abandonment of intellectual property rights in the ordinary course of business, which in the reasonable good faith determination of the Issuer are not material to the conduct of the business of the Issuer and the Restricted Subsidiaries taken as a whole; and

(25) the sale of any property in a Sale/Leaseback Transaction within six months of the acquisition of such property.

"*Basket Reduction Amount*" means, as of any date, (a) the aggregate amount of Indebtedness of the Issuer or any of its Restricted Subsidiaries initially incurred under clause (1)(a) of the definition of "Permitted Debt" that has been voluntarily prepaid or repurchased (other than any amount of such Indebtedness that is prepaid or repurchased with the proceeds of long term Indebtedness (excluding any revolving credit facility)) prior to such date less (b) the aggregate principal amount of Basket Reduction Amount Indebtedness incurred prior to such date.

"*Basket Reduction Amount Indebtedness*" means any Indebtedness of the Issuer or any Restricted Subsidiary incurred pursuant to clause (1)(a) of the definition of "Permitted Debt" that is not in excess of the Basket Reduction Amount.

"*Beneficial Owner*" has the meaning given to that term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will not be deemed to have beneficial ownership of any securities that such "person" has the right to acquire or vote only upon the happening of any future event or contingency (including the passage of time) that has not yet occurred. The terms "*beneficial ownership*," "*beneficially owns*" and "*beneficially owned*" have a corresponding meaning.

"*Board of Directors*" means, as to any Person, the board of directors, board of managers, sole member or managing member or other governing body of such Person, or if such Person is owned or managed by a single entity or has a general partner, the board of directors, board of managers, sole member or managing member or other governing body of such entity or general partner, or in each case, any duly authorized committee thereof, and the term "directors" means members of the Board of Directors.

"*Borrowing Base*" means, as of any date, an amount equal to: (1) 90.0% of the book value of all accounts receivable owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date, *plus* (2) 75.0% of the book value of all inventory owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date, *plus* (3) 100.0% of unrestricted cash and Cash Equivalents held by the Issuer and its Restricted Subsidiaries, all calculated on a Pro Forma Basis.

"*Capital Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the notes thereto) in accordance with GAAP; *provided* that (x) no obligation will be deemed a "Capital Lease Obligation" for any purpose under the Indenture if such obligation would not, as of December 31, 2018, have been required to be capitalized and reflected as a liability on a balance sheet in accordance with GAAP.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership, partnership interests (whether general or limited);

(4) in the case of a limited liability company, membership interests; and

(5) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash*" means, for purposes of certain agreements between and/or among certain Permitted Holders, the Issuer and/or their respective affiliates (as applicable), cash and the defined term "Cash Equivalents."

"*Cash Capped Grower Amount*" means the greater of (x) $350.0 million and (y) 75.0% of Consolidated EBITDA of the Issuer for the most recently ended four full fiscal quarter period for which internal financial statements are available immediately preceding such date of determination, calculated on a Pro Forma Basis.

"*Cash Contribution Amount*" means the aggregate amount of cash contributions made to the common equity capital of the Issuer or any Restricted Subsidiary described in the definition of "Contribution Indebtedness."

"*Cash Equivalents*" means:

(1) United States dollars, Canadian dollars, pounds sterling, euros, the national currency of any participating member state of the European Union or, in the case of any Foreign Subsidiary, such local currencies held by it from time to time in the ordinary course of business;

(2) readily marketable direct obligations of any member of the European Economic Area, Switzerland, the United Kingdom, or Japan, or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of such country, and, at the time of acquisition thereof, having a credit rating of at least Aa3 (or the equivalent grade) by Moody's or AA- by S&P;

(3) marketable general obligations issued by (a) any state of the United States or any political subdivision thereof or any instrumentality thereof that are guaranteed by the full faith and credit of such state or (b) Canada or any agency or instrumentality thereof that are guaranteed by the full faith and credit of Canada, and in each case, at the time of acquisition thereof, having a credit rating of at least Aa3 (or the equivalent grade) by Moody's or AA- by S&P;

(4) securities or any other evidence of Indebtedness or readily marketable direct obligations issued or directly and fully guaranteed or insured by (a) the United States government or any agency or instrumentality of

the United States government; *provided* that the full faith and credit of the United States is pledged in support of those securities or (b) Canada or any agency or instrumentality thereof; *provided* that the full faith and credit of Canada is pledged in support of those securities, and in each case, having maturities of not more than 24 months from the date of acquisition;

(5) certificates of deposit and eurodollar time deposits with maturities of 24 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 24 months and overnight bank deposits, in each case, with any commercial bank having capital and surplus in excess of $250 million in the case of domestic banks or $100 million (or the dollar equivalent thereof) in the case of foreign banks;

(6) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (4) and (5) above entered into with any financial institution meeting the qualifications specified in clause (5) above;

(7) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within 24 months after the date of acquisition;

(8) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition; and

(9) Indebtedness or preferred stock issued by Persons with a rating of A or higher from S&P or A2 from Moody's with maturities of 24 months or less from the date of acquisition.

"*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 and/or cash management services, including, without limitation, controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services.

"*CFC*" means a controlled foreign corporation within the meaning of Section 957 of the Code.

"*Change of Control*" means the occurrence of any of the following:

(1) any person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act, but excluding any employee benefit plan and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than one or more Permitted Holders, acquires beneficial ownership of Voting Stock of the Issuer representing more than 50% of the aggregate ordinary voting power for the election of directors of the Issuer (determined on a fully diluted basis);

(2) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than one or more Permitted Holders; or

(3) at any time, the Issuer Beneficially Owns, directly or indirectly, less than 100% of the issued and outstanding Voting Stock of Holdings or any successor thereto (except to the extent Holdings or such successor is merged with or into the Issuer in accordance with the terms of the Indenture).

Notwithstanding the preceding, a conversion of the Issuer or any Restricted Subsidiary from a limited liability company, corporation, limited partnership or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or an exchange of all of the outstanding Capital Stock in one form of entity for Capital Stock for another form of entity shall not constitute a Change of Control, so long as immediately following such conversion or exchange the "persons" (as that term is used in Section 13(d)(3) of the Exchange Act) who Beneficially Owned the Capital Stock of such entity immediately prior to such transactions continue to Beneficially Own in the aggregate more than 50% of the Voting Stock of such entity, or continue to Beneficially Own sufficient Equity Interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity, and in either case no "person" Beneficially Owns more than 50% of the Voting Stock of such entity. Furthermore, (i) the transfer of assets between or among the Issuer and its Restricted Subsidiaries shall not itself constitute a Change of Control and (ii) a Person or group shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement (or voting or option agreement related thereto) prior to the consummation of the transactions contemplated by such agreement.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated thereunder.

"*Commission*" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Securities Act of 1933, as amended, the Exchange Act and the Trust Indenture Act then the body performing such duties at such time.

"*Company Sale*" means (a) the direct or indirect sale, lease, transfer, conveyance or other disposition (including through the sale or other transfer of equity interests or by merger or otherwise), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any Non-Principal Party or (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that (i) any Non-Principal Party becomes the owner and/or Beneficial Owner, directly or indirectly, of more than 50% of the Capital Stock (including, without limitation, 50% of the Voting Stock) of the Issuer; and (ii) following the consummation of such transaction, the Principals and/or any Related Party of the Principals does not Beneficially Own more than 50% of the Capital Stock (including, without limitation, 50% of the Voting Stock) of the Issuer other than as a result of the Principals' and/or any such Related Party's membership in a "group" (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act or any successor provision).

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) provision for Taxes based on income, profits or capital (including state franchise Taxes and similar Taxes in the nature of income tax) of such Person and its Restricted Subsidiaries for such period, foreign withholding Taxes, giving effect to any payroll tax credits, income tax credits and similar credits and including an amount equal to the tax distributions actually made to the holders of the Capital Stock of such Person or its Restricted Subsidiaries or any direct or indirect parent of such Person or its Restricted Subsidiaries in respect of such period in accordance with clause (3) of the definition of "Permitted Payments to Parent," as though such amounts had been paid as income Taxes directly by such Person, in each case, to the extent that such provision for Taxes was deducted in computing such Consolidated Net Income; *plus*

(2) the consolidated depreciation and amortization charges and expense of such Person and its Restricted Subsidiaries for such period (including, without limitation, amortization of turnaround costs, goodwill and other intangibles, deferred financing fees, debt issuance costs, commissions, fees and expenses), to the extent such charges or expenses were deducted in computing such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) any other consolidated non-cash losses, charges and expenses of such Person and its Restricted Subsidiaries, including any write-offs or write-downs, for such period, to the extent that such consolidated

non-cash charges were included in computing such Consolidated Net Income; *provided* that if any such non-cash charge represents an accrual or reserve for anticipated cash charges in future period, (i) such Person may determine not to add back such non-cash charge in the period for which Consolidated EBITDA is being calculated and (ii) to the extent such Person does decide to add back such non-cash charge, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period; *plus*

(5) any losses from foreign currency transactions (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were taken into account in computing such Consolidated Net Income; *plus*

(6) the Specified Permitted Adjustments and any other cost savings, operating expense reductions, operating improvements and synergies permitted to be added back to this definition pursuant to the definition of "Pro Forma Cost Savings" (including, without limitation, expenses attributable to the implementation of such cost savings initiatives and costs and expenses incurred after the Acquisition Date related to employment of terminated employees incurred by such Person during such period to the extent such costs and expenses were deducted in computing Consolidated Net Income); *plus*

(7) losses in respect of post-retirement benefits of such Person, as a result of the application of ASC 715, *Compensation-Retirement Benefits*, to the extent that such losses were deducted in computing such Consolidated Net Income; *plus*

(8) the amount of fees, expenses and indemnities incurred by such Person pursuant to clauses (7) and (20) of the second paragraph under "—Certain Covenants—Transactions with Affiliates"; *plus*

(9) any proceeds from business interruption insurance received by such Person during such period, to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income; *plus*

(10) any fees and expenses related to a Qualified Securitization Transaction, to the extent such fees and expenses are included in computing Consolidated Net Income; *plus*

(11) the amount of loss or discount on sales of receivables and related assets to a Securitization Entity in connection with a Qualified Securitization Transaction, to the extent included in computing Consolidated Net Income; *plus*

(12) the amount of any interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any Restricted Subsidiary of such Person that is not a Wholly Owned Restricted Subsidiary of such Person; *plus*

(13) earn-out obligations incurred in connection with any acquisition or other Investment and paid or accrued during the applicable period; *plus*

(14) with respect to any joint venture that is not a Restricted Subsidiary, an amount equal to the proportion of those items described in clauses (1), (2) and (3) above relating to such joint venture corresponding to such Person'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) solely to the extent Consolidated Net Income of such joint venture was reduced thereby; *minus*

(15) the amount of any gain in respect of post-retirement benefits as a result of the application of ASC 715, to the extent such gains were taken into account in computing such Consolidated Net Income; *minus*

(16) any gains from foreign currency transactions (including gains related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such gains were taken into account in computing such Consolidated Net Income; *minus*

(17) non-cash gains increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business and other than reversals of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period;

provided that the Issuer may, in its sole discretion, elect to not make any adjustment for any item pursuant to the foregoing clauses (1) through (17) above if any such item individually is less than $2 million in any fiscal quarter.

Unless otherwise specified herein, any reference to Consolidated EBITDA shall be deemed to mean the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries calculated for the most recent period of four consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such calculation is made, calculated on a Pro Forma Basis for such period.

"*Consolidated Interest Expense*" means, for any period of four consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such calculation is made, for the Issuer and its Restricted Subsidiaries or Holdings and its Restricted Subsidiaries, as applicable, on a consolidated basis, all cash interest, premium payments, debt discount, charges and related fees and expenses, net of interest income, of such Person and its Restricted Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP (including commissions, discounts, yield and other fees (including related interest expenses) related to any Qualified Securitization Transaction or any receivables facility), excluding (a) up-front or financing fees, transaction costs, commissions, expenses, premiums or charges, (b) costs associated with obtaining, or breakage costs in respect of swap or hedging agreements, (c) amortization of deferred financing costs and (d) all cash dividends, whether paid or accrued, on any series of preferred stock or any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, excluding items eliminated in consolidation, in each case, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP and without any reduction in respect of (x) preferred stock dividends or (y) any dividend with proceeds of the offering of the Notes; *provided* that:

(1) any after-tax effect of all extraordinary, nonrecurring or unusual gains or losses or income or expenses or charges (including related to the Acquisition Transactions or the Transactions) or any restructuring charges or reserves, including, without limitation, any expenses related to any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses, retention, severance, system establishment cost, contract termination costs, costs to consolidate facilities and relocate employees, advisor fees and other out of pocket costs and non-cash charges to assess and execute operational improvement plans and restructuring programs, will be excluded;

(2) any expenses, costs or charges incurred, or any amortization thereof for such period, in connection with any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or incurrence or repayment of Indebtedness permitted under the Indenture, including a refinancing thereof (in each case whether or not successful) (including any such costs and charges incurred in connection with the Acquisition Transactions and the Transactions), and all gains and losses realized in connection with any business disposition or any disposition of assets outside the ordinary course of business or the disposition of securities or the early extinguishment of Indebtedness or other derivative instruments, together with any related provision for taxes on any such gain, loss, income or expense will be excluded;

(3) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be excluded, *provided* that the income of such Person will be included to the extent of the amount of dividends or similar distributions paid in cash (or converted to cash) to the specified Person or a Restricted Subsidiary of the Person;

(4) the net income (or loss) of any Person and its Restricted Subsidiaries will be calculated without deducting the income attributed to, or adding the losses attributed to, the minority equity interests of third parties in any non-Wholly Owned Restricted Subsidiary except to the extent of the dividends paid in cash (or convertible into cash) during such period on the shares of Capital Stock of such Restricted Subsidiary held by such third parties;

(5) solely for the purpose of the covenant described above under "—Certain Covenants—Restricted Payments," the net income (but not loss) of any Restricted Subsidiary (other than Holdings and its Subsidiaries or any Guarantor) will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived or in the case of Holdings and its Subsidiaries, is permitted under "Certain Covenants—Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries"; *provided* that the Consolidated Net Income of such Person will be increased by the amount of dividends or distributions or other payments actually paid in cash (or converted to cash) by any such Restricted Subsidiary to such Person in respect of such period, to the extent not already included therein;

(6) the cumulative effect of any change in accounting principles will be excluded;

(7) (a) any non-cash expenses resulting from the grant or periodic remeasurement of stock options, restricted stock grants or other equity incentive programs (including any stock appreciation and similar rights) and (b) any costs or expenses incurred pursuant to any management equity plan or stock option plan or other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent, in the case of clause (b), that such costs or expenses are funded with cash proceeds contributed to the common equity capital of the Issuer or a Restricted Subsidiary of the Issuer, will be excluded;

(8) the effect of any non-cash impairment charges or write-ups, write-downs or write-offs of assets or liabilities resulting from the application of GAAP and the amortization of intangibles and other fair value adjustments arising from the application of GAAP, including pursuant to ASC 805, *Business Combinations*, ASC 350, *Intangibles-Goodwill and Other*, or ASC 360, *Property, Plant and Equipment*, as applicable, will be excluded;

(9) any net after-tax income or loss from disposed, abandoned or discontinued or transferred or closed operations and any net after-tax gains or losses on disposed, abandoned or discontinued, transferred or closed operations will be excluded;

(10) any increase in amortization or depreciation, or effect of any adjustments to inventory, property, plant or equipment, software, goodwill and other intangibles, debt line items, deferred revenue or rent expense, any one time cash charges (such as purchased in process research and development or capitalized manufacturing profit in inventory) or any other effects, in each case, resulting from purchase accounting in connection with the Acquisition Transactions or any other acquisition prior to or following the Acquisition Date will be excluded;

(11) an amount equal to the tax distributions actually made to the holders of the Capital Stock of such Person or any direct or indirect parent of such Person in respect of such period in accordance with clause (3) of the definition of "Permitted Payments to Parent" will be included as though such amounts had been paid as income taxes directly by such Person for such period;

(12) unrealized gains and losses relating to foreign currency translation or foreign currency transactions, including those relating to mark-to-market of Indebtedness resulting from the application of GAAP, including pursuant to ASC 830, *Foreign Currency Matters* (including any net loss or gain resulting from hedge arrangements for currency exchange risk) will be excluded;

(13) any net gain or loss from Hedging Obligations or in connection with the early extinguishment of Hedging Obligations (including of ASC 815, *Derivatives and Hedging*) shall be excluded;

(14) the amount of any restructuring, business optimization, acquisition and integration costs and charges (including, without limitation, retention, severance, systems establishment costs, excess pension charges, information technology costs, rebranding costs, recruiting and signing bonuses and expenses, contract termination costs, including future lease commitments, costs related to the start-up (including entry into new market/channels and new service offerings), preopening, opening, closure or relocation, reconfiguration or consolidation of facilities and costs to relocate employees, systems, facilities or equipment conversion costs, consulting fees, costs associated with tax projects and audits) or other fees related to any of the foregoing (including any such costs, charges and fees incurred in connection with the Acquisition Transactions) will be excluded;

(15) accruals and reserves that are established or adjusted within 24 months after the Acquisition Date that are so required to be established as a result of the Acquisition Transactions in accordance with GAAP shall be excluded;

(16) any Public Company Costs will be excluded;

(17) all amortization and write-offs of deferred financing fees, debt issuance costs, commissions, fees and expenses, costs of surety bonds, charges owed with respect to letters of credit, bankers' acceptances or similar facilities, and expensing of any bridge, commitment or other financing fees (including in connection with a transaction undertaken but not completed), will be excluded;

(18) all discounts, commissions, fees and other charges (including interest expense) associated with any Qualified Securitization Transaction will be excluded;

(19) (i) the non-cash portion of "straight-line" rent expense will be excluded and (ii) the cash portion of "straight-line" rent expense that exceeds the amount expensed in respect of such rent expense will be included;

(20) losses, charges and expenses that are covered by indemnification or other reimbursement provisions in connection with any asset disposition will be excluded to the extent actually reimbursed, or, so long as such Person has made a determination that a reasonable basis exists for indemnification or reimbursement, but only to the extent that such amount is in fact indemnified or reimbursed within 365 days of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so indemnified or reimbursed within such 365 days);

(21) non-cash charges or income relating to adjustments to deferred tax asset valuation allowances will be excluded; and

(22) cash dividends or returns of capital from Investments (such return of capital not reducing the ownership interest in the underlying Investment), in each case received during such period, to the extent not otherwise included in Consolidated Net Income for that period or any prior period subsequent to the Acquisition Date will be included;

provided that the Issuer may, in its sole discretion, elect to not make any adjustment for any item pursuant to the foregoing clauses (1) through (22) above if any such item individually is less than \$2 million in any fiscal quarter.

"*Consolidated Senior Secured Debt Ratio*" means, as of any date of determination, the ratio of (1) (x) Consolidated Total Indebtedness that is secured by a Lien on any assets of a Person or any of its Restricted Subsidiaries as of such date *minus* (y) unrestricted cash and Cash Equivalents (but excluding in all cases cash proceeds from Indebtedness incurred on the date of determination) held by such Person and its Restricted Subsidiaries as of such date of determination, in each case, calculated on a Pro Forma Basis to (2) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date, and in each case, calculated on a Pro Forma Basis; *provided* that any such calculation shall be made as provided in the sixth paragraph of the covenant described above under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock;" *provided*, *further* that, in the event that the Issuer shall classify Indebtedness incurred on the date of determination as secured in part pursuant to a ratio-based or ratio-referent clause of the definition of "Permitted Liens" and in part pursuant to one or more non-ratio-based or non-ratio-referent clauses of such definition, any calculation of Consolidated Total Indebtedness that is secured by a Lien for purposes of clause (x) above on such date (but not in respect of any future calculation following such date) shall not include any such Indebtedness (and shall not give effect to any repayment, repurchase, redemption, defeasance or other acquisition, retirement or discharge of Indebtedness from the proceeds thereof) to the extent secured pursuant to any such non-ratio-based or non-ratio-referent clause of such definition.

"*Consolidated Total Debt Ratio*" means, as of any date of determination, the ratio of (1) (x) Consolidated Total Indebtedness as of such date minus (y) unrestricted cash and Cash Equivalents held by a Person and its Restricted Subsidiaries as of such date of determination, and in each case, calculated on a Pro Forma Basis to (2) the Consolidated EBITDA of such Person for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date, calculated on a Pro Forma Basis; *provided* that any such calculation shall be made as provided in the sixth paragraph of the covenant described above under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock."

"*Consolidated Total Indebtedness*" means, as of any date of determination, an amount equal to the sum of (without duplication) (i) all Capital Lease Obligations of a Person and its Restricted Subsidiaries, (ii) all Indebtedness of such Person and its Restricted Subsidiaries of the type described in clause (1) of the definition of "Indebtedness" and (iii) all Contingent Obligations of such Person and its Restricted Subsidiaries in respect of Indebtedness of any third Person of the type referred to in the preceding clauses (i) and (ii), in each case, determined on a consolidated basis in accordance with GAAP and calculated on a Pro Forma Basis; *provided* that Consolidated Total Indebtedness shall not include Indebtedness in respect of any notes or other debt securities that have been defeased or satisfied and discharged in accordance with the applicable indenture or with respect to which the required deposit has been made in connection with a call for repurchase or redemption to occur within the time period set forth in the applicable indenture, in each case to the extent such transactions are permitted by the applicable indenture. For the avoidance of doubt, it is understood that obligations under any receivables facility and any Qualified Securitization Transaction and any undrawn amounts under any revolving credit facility do not constitute Consolidated Total Indebtedness.

"*Contingent Obligation*" shall mean, as to any Person, any obligation of such Person as a result of such Person being a general partner of any other Person, unless the underlying obligation is expressly made nonrecourse as to such general partner, and any obligation of such Person guaranteeing or intended to guarantee any Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including, without limitation, any such obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) 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 or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Contribution Indebtedness*" means Indebtedness or Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer and preferred stock of any Restricted Subsidiary in an aggregate principal amount not greater than one times the aggregate amount of cash contributions (other than Excluded Contributions, Designated Preferred Stock, Disqualified Stock or cash contributed by the Issuer or a Restricted Subsidiary of the Issuer) made to the common equity capital of the Issuer or any Restricted Subsidiary of the Issuer after the Issue Date; *provided* that:

(1) the cash received or contributed shall not increase the amount available for making Restricted Payments to the extent the Issuer or its Restricted Subsidiaries incurred Indebtedness in reliance thereon;

(2) the cash received or contributed shall be excluded for purposes of incurring Indebtedness to the extent the Issuer or any of its Restricted Subsidiaries make a Restricted Payment in reliance on such cash; and

(3) such Contribution Indebtedness (a) is incurred within 210 days after the making of such cash contributions and (b) is so designated as Contribution Indebtedness pursuant to an Officer's Certificate on the date of incurrence thereof.

"*Credit Agreement*" means (i) each of the Senior Credit Agreements and (ii) whether or not the Senior Credit Agreements remain outstanding, if designated by the Issuer to be included in the definition of "Credit Agreement," one or more (A) debt facilities, indentures or commercial paper facilities providing for revolving credit loans, term loans, notes, debentures, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, (B) debt securities, notes, mortgages, guarantees, collateral documents, indentures or other forms of debt financing (including convertible or exchangeable debt instruments or bank guarantees or bankers' acceptances), or (C) instruments or agreements evidencing any other Indebtedness, in each case, with the same or different borrowers or issuers and, in each case, as amended, supplemented, modified, extended, restructured, renewed, refinanced, restated, increased (provided that such increase in borrowings is permitted under the Indenture), replaced or refunded in whole or in part from time to time and whether by the same or any other agent, lender or investor or group of lenders or investors.

"*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.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Sale 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 Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Designated Preferred Stock*" means preferred stock of the Opco Notes Issuer or any direct or indirect parent of the Opco Notes Issuer (other than Disqualified Stock), that is issued for cash (other than to the Issuer or any of its Subsidiaries or an employee stock plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate, on the date of issuance thereof, the cash proceeds of which are excluded from the calculation set forth in clause (c) of the covenant described under the caption "—Certain Covenants—Restricted Payments."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided*, *however*, that only the portion of Capital Stock that 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; *provided*, *further*, *however*, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of the Issuer, any direct or indirect parent of the Issuer, or the Issuer's Restricted Subsidiaries or by any such plan to such employees, such Capital Stock will not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability; *provided*, *further*, that any class of Capital Stock of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Capital Stock that is not Disqualified Stock will not be deemed to be Disqualified Stock. Capital Stock will not constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale.

"*Dividing Person*" has the meaning assigned to it in the definition of "Division."

"*Division*" means the division of the assets, liabilities and/or obligations of a Person (the "*Dividing Person*") among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"*Domestic Subsidiary*" means any Restricted Subsidiary of the Issuer that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means a public or private sale of either (1) Equity Interests of the Issuer by the Issuer (other than Disqualified Stock and other than to a Subsidiary of the Issuer or any direct or indirect parent of the Issuer) or (2) Equity Interests of a direct or indirect parent of the Issuer (other than to the Issuer, a Subsidiary of the Issuer or any direct or indirect parent of the Issuer), in each case other than public offerings with respect to the Issuer's or any direct or indirect parent company's common stock registered on Form S-8, and any such public or private sale that constitutes an Excluded Contribution.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Excluded Contributions*" means the net cash proceeds, Cash Equivalents and/or Fair Market Value of Investment Grade Securities received by the Issuer after the Issue Date from:

(1) contributions to its common equity capital; and

(2) the sale (other than to the Issuer or to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer or any Subsidiary of the Issuer) of Capital Stock (other than Disqualified Stock or Designated Preferred Stock) of the Issuer;

in each case designated as Excluded Contributions pursuant to an Officer's Certificate, the proceeds of which are excluded from the calculation set forth in clause (c) of the covenant described under "—Certain Covenants—Restricted Payments."

"*Excluded Subsidiaries*" means Unrestricted Subsidiaries, Immaterial Subsidiaries, Regulated Subsidiaries, Not for Profit Subsidiaries, Securitization Subsidiaries, Foreign Subsidiaries, FSHCOs, any Subsidiary with respect to which the provision of a guarantee by such Subsidiary would result in material adverse tax consequences to the Issuer or to a Subsidiary of the Issuer as reasonably determined by the Issuer, any Domestic Subsidiary of a Foreign Subsidiary that is a CFC and any Subsidiary that is prohibited, but only so long as such Subsidiary would be prohibited, by applicable law, rule or regulation or by any contractual obligation existing on the date of the Indenture or existing at the time of acquisition thereof after the date of the Indenture (so long as such prohibition did not arise as part of such acquisition), in each case, from guaranteeing the Notes or which would require governmental (including regulatory) consent, approval, license or authorization to provide a Note Guarantee unless such consent, approval, license or authorization has been received (but without obligation to seek the same).

"*Fair Market Value*" means the value (which, for the avoidance of doubt, will take into account any liabilities, contingent or otherwise, associated with related assets) that would be paid by a willing buyer to an unaffiliated willing seller in an arm's-length transaction, determined in good faith by the Issuer (unless otherwise provided in the Indenture).

"*Fixed Charge Coverage Ratio*" means, with respect to any Person as of any date, the ratio of (1) Consolidated EBITDA of such Person for the most recent period of four consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such calculation of the Fixed Charge Coverage Ratio is made, calculated on a Pro Forma Basis for such period to (2) the Fixed Charges of such Person for such period calculated on a Pro Forma Basis. In the event that such Person or any of its Restricted Subsidiaries incurs or redeems or repays any Indebtedness (other than in the case of revolving credit borrowings or revolving advances under any Qualified Securitization Transaction unless the related commitments have been terminated and such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems preferred stock or Disqualified Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to, substantially simultaneously with or in connection with the event for which the calculation of the Fixed Charge Coverage Ratio is made, then the Fixed Charge Coverage Ratio shall be calculated on a Pro Forma Basis; *provided* that any such calculation shall be made as provided in the sixth paragraph of the covenant described above under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock."

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income, including, without limitation, amortization of original issue discount, the interest component of all payments associated with Capital Lease Obligations, and the net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates (other than in connection with the early termination thereof, and excluding any non-cash interest expense attributable to the mark-to-market valuation of Hedging Obligations or other derivatives pursuant to GAAP) and excluding amortization or write-off of deferred financing fees, debt issuance costs, commissions, discounts, fees and expenses, including any expensing of bridge, commitment fees or other financing fees, costs of surety bonds, charges owed with respect to letters of credit, bankers' acceptances or similar facilities, the non-cash portion of interest expense resulting from the reduction in the carrying value under purchase accounting of such Person's outstanding Indebtedness and commissions, discounts, yield and other fees and charges (including any interest expense) related to any Securitization Transaction; *provided* that, for purposes of calculating Consolidated Interest Expense, no effect will be given to the discount and/or premium

resulting from the bifurcation of derivatives under ASC 815, *Derivatives and Hedging*, as a result of the terms of the Indebtedness to which such Consolidated Interest Expense applies; *plus*

(2) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) all cash dividends, whether paid or accrued, on any series of preferred stock or any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, excluding items eliminated in consolidation, in each case, determined on a consolidated basis in accordance with GAAP; *minus*

(4) the consolidated interest income of such Person and its Restricted Subsidiaries for such period, whether received or accrued, to the extent such income was included in determining Consolidated Net Income;

provided that (a) when determining Consolidated Interest Expense in respect of any four-quarter period ending prior to the first anniversary of the Issue Date, Consolidated Interest Expense will be calculated by multiplying the aggregate Consolidated Interest Expense accrued since the Issue Date by 365 and then dividing such product by the number of days from and including the Issue Date to and including the last day of such period and (b) in the case of any Person that became a Restricted Subsidiary of such Person after the commencement of such four-quarter period, the interest expense of such Person paid in cash prior to the date on which it became a Restricted Subsidiary of such Person will be disregarded. For purposes of this definition, interest on Capital Lease Obligations will be deemed to accrue at the interest rate reasonably determined by such Person to be the rate of interest implicit in such Capital Lease Obligations in accordance with GAAP.

"*Fixed GAAP Date*" means the Acquisition Date; *provided* that at any time after the Issue Date, the Issuer may by written notice to the Trustee elect to change the Fixed GAAP Date to be the date specified in such notice, and upon such notice, the Fixed GAAP Date shall be such date for all periods beginning on and after the date specified in such notice.

"*Fixed GAAP Terms*" means (a) the definitions of the terms "Fixed Charges," "Fixed Charge Coverage Ratio," "Consolidated Interest Expense," "Consolidated Net Income," "Consolidated Senior Secured Debt Ratio," "Consolidated Total Debt Ratio," "Consolidated Total Indebtedness," "Consolidated EBITDA," "Indebtedness," and "Total Assets", (b) all defined terms in the Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions, and (c) any other term or provision of the Indenture or the Notes that, at the Issuer's election, may be specified by the Issuer by written notice to the Trustee from time to time; *provided* that the Issuer may elect to remove any term from constituting a Fixed GAAP Term.

"*Foreign Subsidiary*" means any Restricted Subsidiary of the Issuer that is not a Domestic Subsidiary.

"*FSHCO*" means (i) any Domestic Subsidiary that has no material assets other than equity interests (or equity interests and indebtedness) of one or more Foreign Subsidiaries that are CFCs and (ii) any Domestic Subsidiary that has no material assets other than equity interests (or equity interests and indebtedness) in one or more Foreign Subsidiaries that are CFCs and/or, directly or indirectly, in one or more other entities described in clause (i) of this definition.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board Accounting Standards Codification or in such other statements by such other entity as have been approved by a significant segment of the accounting profession (but excluding the policies, rules and regulations of the Commission applicable only to public companies; and except as set forth in the definition of "Capital Lease Obligation"), as in effect on the Fixed GAAP Date (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of the Indenture); *provided* that the Issuer may at any time elect by written notice to the Trustee to use IFRS in lieu of GAAP for financial reporting purposes and, upon any such notice, references herein to GAAP shall thereafter be construed to mean (a) for periods beginning on and after the date specified in such notice, IFRS as in effect on the date specified in such notice (for purposes of the Fixed GAAP Terms) and as in effect from time to time (for all other purposes of the Indenture) and (b) for prior periods, GAAP as defined in the first sentence of this definition. All ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP. For the purposes of the Indenture, the term "consolidated," with respect to any Person, shall mean such Person consolidated with its Restricted Subsidiaries, and shall not include any Unrestricted Subsidiary, but the interest of such Person in an Unrestricted Subsidiary will be accounted for as an Investment.

"*Government Securities*" has the meaning assigned to that term in the Indenture.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (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).

"*Guarantors*" means any Subsidiary of the Issuer that executes a Note Guarantee in accordance with the provisions of the Indenture and their respective successors and assigns that constitute Subsidiaries of the Issuer (other than Excluded Subsidiaries), in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"*Holdco Credit Agreement*" means any debt facilities, credit agreements, indentures or commercial paper facilities providing for revolving credit loans, term loans, notes, debentures, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables) or letters of credit, in each case under which the Issuer is a borrower or co-borrower, issuer, guarantor or other obligor including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, with aggregate commitments or borrowings or outstanding indebtedness in excess of $200.0 million, as amended, restated, supplemented, waived, renewed or otherwise modified from time to time, and as replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including any agreement or indenture or commercial paper facilities with banks or other institutional lenders or investors extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder permitted under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" or altering the maturity thereof or adding Restricted Subsidiaries as additional borrowers, issuers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders, investors or group of investors.

"*IFRS*" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"*Immaterial Subsidiary*" means any Restricted Subsidiary of the Issuer that (i) has Total Assets together with all other Immaterial Subsidiaries (as determined in accordance with GAAP) of less than 5.0% of the Issuer's Total Assets measured at the end of the most recent fiscal period for which internal financial statements are available and on a Pro Forma Basis giving effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date and on or prior to the date of acquisition of such Subsidiary and (ii) has revenue together with all other Immaterial Subsidiaries (as determined in accordance with GAAP) for the period of four consecutive fiscal quarters ending on such date of less than 5.0% of the combined revenue of the Issuer and its Restricted Subsidiaries for such period (measured for the four quarters ended most recently for which internal financial statements are available and on a Pro Forma Basis giving effect to any acquisitions or depositions of companies, division or lines of business since the start of such four quarter reference period).

"*Increased Amount*" means, with respect to any Indebtedness, Disqualified Stock or preferred stock, 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 or the issuance of additional Disqualified Stock or preferred stock, accretion of original issue discount or liquidation preference, any fees, underwriting discounts, commitment, ticking and similar fees, expenses and discounts, accrued and unpaid interest, premiums and other costs and expenses incurred in connection therewith and increases in the amount of Indebtedness, Disqualified Stock or preferred stock outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, deferred compensation, deferred rent (other than for Capital Lease Obligations), and landlord allowances), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance of deferred and unpaid purchase price of any property or services due more than 60 days after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person; *provided* that (a) Contingent Obligations incurred in the ordinary course of business, (b) obligations under or in respect of Securitization Transactions and (c) obligations, to the extent such obligations would otherwise constitute Indebtedness, under any agreement that has been defeased or satisfied and discharged pursuant to the terms of such agreement, shall in each case be deemed not to constitute Indebtedness.

The term "Indebtedness" shall not include any lease, concession or license of property (or Guarantee thereof) that would be considered an operating lease under GAAP as in effect as of December 31, 2018, any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practices, 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 practices. Indebtedness shall be calculated without giving effect to the provisions of ASC 815, *Derivatives and Hedging* and related interpretations to the extent such provisions 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.

"*Independent Financial Advisor*" means an accounting, appraisal or investment banking firm or consultant to Persons engaged in a Permitted Business, in each case of nationally recognized standing that is, in the good faith determination of the Issuer, qualified to perform the task for which it has been engaged.

"*Initial Public Offering*" means (a) a Qualifying IPO or (b) the acquisition, purchase, merger or combination of Holdings, the Issuer or any direct or indirect parent of the Issuer, by, or with, a publicly traded company (including any special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing) that results in the equity of Holdings, the Issuer or such direct or indirect parent of the Issuer (or its successor by merger or combination) being traded on, or Holdings, the Issuer or such direct or indirect parent of the Issuer being wholly-owned by another entity whose equity is traded on, any United States national securities exchange.

"*Intercreditor Agreements*" means, collectively, the ABL Intercreditor Agreement and the Pari Passu Intercreditor Agreement.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality thereof (other than Cash Equivalents) and in each case with maturities not exceeding five years from the date of acquisition;

(2) securities that have an Investment Grade Rating;

(3) investments in any fund that invests at least 95% of its assets in investments of the type described in clauses (1), (2) or (4) of this definition, which fund may also hold immaterial amounts of cash pending investment and/or distribution; and

(4) instruments of the general type described in clauses (1), (2) or (3) above in countries other than the United States customarily utilized for high quality investments and in each case with maturities not exceeding five years from the date of acquisition.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans (including Guarantees), advances or capital contributions (excluding accounts receivable, trade credit and advances to customers and commission, travel, relocation and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person, together with all items that are required to be classified as investments on a balance sheet prepared in accordance with GAAP in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under "—Certain Covenants—Restricted Payments." The acquisition by the Issuer or any Restricted Subsidiary of the Issuer of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the last paragraph of the covenant described above under "—Certain Covenants—Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

Notwithstanding anything in this "Description of Notes" to the contrary, for purposes of the covenant described above under "—Certain Covenants—Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary of the Issuer, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; *minus*

(b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer or a direct or indirect parent of the Issuer (as evidenced by an Officer's Certificate).

"*Issue Date*" means the first date on which the initial Notes (excluding any Additional Notes or PIK Notes) are issued.

"*joint venture*" means any joint venture or similar arrangement (in each case, regardless of legal formation), including but not limited to collaboration arrangements, profit sharing arrangements or other contractual arrangements.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

"*Management Investor*" means any Person who is an officer or otherwise a member of management of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies on the Acquisition Date, immediately after giving effect to the Acquisition Transaction.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of Capital Stock of Holdings or any direct or indirect parent company of Holdings on the date of declaration of the relevant dividend or making of any other Restricted Payment, as applicable, multiplied by (ii) the arithmetic mean of the closing prices per share of such Capital Stock on the New York Stock Exchange (or, if the primary listing of such Capital Stock is on another exchange, on such other exchange) for the 30 consecutive trading days immediately preceding such date.

“*Maximum Incremental Leverage Amount*” means an unlimited amount of Indebtedness, Disqualified Stock and preferred stock so long as the Maximum Leverage Requirement is satisfied.

“*Maximum Leverage Requirement*” means, with respect to the incurrence of any applicable Indebtedness, Disqualified Stock or preferred stock, the requirement that, on a Pro Forma Basis, after giving effect to such incurrence, the Consolidated Senior Secured Debt Ratio does not exceed 4.80 to 1.00.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Multi-Color*” means Multi-Color Corporation, a corporation incorporated under the laws of the state of Ohio.

“*Net Proceeds*” means the aggregate cash proceeds and Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, but excluding the assumption by the acquiring Person of Indebtedness relating to the disposed asset or other consideration received in any other non-cash form), net of the costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including, without limitation, legal, accounting and investment banking fees, discounts and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale (including by way of making Permitted Payments to Parent in respect of such taxes), amounts applied to the repayment of principal, premium (if any) and interest on Indebtedness that is secured by the property or the assets that are the subject of such Asset Sale or that is otherwise required (other than pursuant to the fourth paragraph of the covenant described above under “—Repurchase at the Option of Holders—Asset Sales”) to be paid as a result of such transaction, any costs associated with unwinding any related Hedging Obligations in connection with such transaction, and any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“*Non-Guarantor Subsidiary*” means any Restricted Subsidiary of the Issuer that is not a Guarantor.

“*Non-Principal Party*” means any Person or Persons (including any “person” or “persons” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than (i) the Principals or (ii) any Related Party of the Principals.

“*Non-Recourse Debt*” means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) other than the pledge of the Equity Interests of any Unrestricted Subsidiaries or (b) is directly or indirectly liable as a guarantor or otherwise other than by virtue of a pledge or the Equity Interests of any Unrestricted Subsidiaries.

“*Note Guarantee*” means the Guarantee by each Guarantor, if any, of the Issuer’s obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

“*Obligations*” means any principal, interest (including any interest, fees, expenses and other amounts accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest, fees, expenses and other amounts are an allowed or allowable claim under applicable state, federal or foreign law), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Executive Vice President, Senior Vice President or Vice President, the Treasurer, the Secretary or the Assistant Secretary (or any person serving the equivalent function of any of the foregoing) of a Person (or of any direct or indirect parent, general partner, managing member or sole member of such Person) or any individual designated as an "Officer" for purposes of the Indenture by the Board of Directors of such Person (or the Board of Directors of any direct or indirect parent, general partner, managing member or sole member of such Person).

"*Officer's Certificate*" means a certificate that meets the requirements set forth in the Indenture signed on behalf of the Issuer or any direct or indirect parent of the Issuer by an Officer of the Issuer or such direct or indirect parent and delivered to the Trustee; *provided* that where the Indenture requires an Officer's Certificate be delivered by the Issuer, only the Issuer need sign.

"*Opco Notes*" means, collectively, the Secured Opco Notes and the Unsecured Opco Notes.

"*Opco Notes Collateral Agent*" means Wilmington Trust, National Association, in its capacity as collateral agent for the Secured Opco Notes, together with its successors in such capacity.

"*Opco Notes Indentures*" means, collectively, the Unsecured Opco Notes Indenture and the Secured Opco Notes Indenture.

"*Opco Notes Issuer*" means LABL, Inc., as successor to LABL Escrow Issuer, LLC.

"*Pari Passu Intercreditor Agreement*" means that certain intercreditor agreement, dated as of the Acquisition Date, by and among the Opco Notes Collateral Agent, the Term Loan Collateral Agent and each additional agent from time to time party thereto, and acknowledged by the grantors from time to time party thereto, as may be amended, restated, supplemented or replaced, in whole or in part, from time to time.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash and Cash Equivalents; *provided*, that any cash and Cash Equivalents received are applied in accordance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales."

"*Permitted Business*" means any business that is the same as, or reasonably related, ancillary or complementary to, any of the businesses in which the Issuer and its Restricted Subsidiaries are engaged on the date of the Indenture.

"*Permitted Holders*" means (i) each of the Principals, (ii) any Management Investor, (iii) any Related Party of any of the foregoing persons, (iv) any Permitted Parent and (v) 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 are members; *provided* that in the case of such "group" and without giving effect to the existence of such "group" or any other "group," (x) such Persons specified in clauses (i), (ii), (iii) or (iv) above, collectively, have beneficial ownership, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent entities held by such "group" and (y) the Principals and their Related Parties collectively, do not have beneficial ownership, directly or indirectly, of a lesser percentage of the Voting Stock of the Issuer or any of its direct or indirect parent entities than any other Person that is a member of such "group" (without giving effect to any Voting Stock that may be deemed owned by such other Person pursuant to Rule 13d-3 or 13d-5 under the Exchange Act as a result of such "group"). Any person or group, together with its Affiliates, whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer or Alternate 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 Investments*" means:

(1) any Investment in the Issuer or in a Restricted Subsidiary of the Issuer (including in the Notes or the Opco Notes);

(2) any Investment in cash, Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Issuer; or

(b) such Person, in one transaction or a series of related transactions, is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made in compliance with the covenant described above under "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for, or out of the proceeds of, the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or of any direct or indirect parent of the Issuer;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; (B) litigation, arbitration or other disputes; or (C) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to a secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to employees made in the ordinary course of business of the Issuer or any Subsidiary of the Issuer in an aggregate principal amount not to exceed the greater of (x) $25.0 million and (y) 6.25% of Consolidated EBITDA at any one time outstanding;

(9) repurchases of the Notes;

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described above under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(11) any Investment existing on, or made pursuant to binding commitments existing on the Issue Date and any Investment consisting of an extension, modification, renewal, replacement, refunding or refinancing of any investment existing on, or made pursuant to a binding commitment existing on the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(12) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of the Issuer of another Person, including by way of a merger, amalgamation, Division or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the

Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation, Division or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) Investments by the Issuer or its Restricted Subsidiaries consisting of deposits, prepayment and other credits to suppliers or landlords made in the ordinary course of business;

(14) guaranties made in the ordinary course of business of (a) obligations owed to landlords, suppliers, customers, franchisees and licensees of the Issuer or its Subsidiaries and (b) operating leases (for the avoidance of doubt, excluding Capital Lease Obligations) or of other obligations that do not constitute Indebtedness;

(15) any Investment acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivable, or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(16) loans and advances to officers, directors and employees for business-related travel expenses, moving and relocation expenses and other similar expenses, in each case incurred in the ordinary course of business;

(17) Investments consisting of the licensing, sublicensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(18) Investments in joint ventures of the Issuer or any of its Restricted Subsidiaries in an aggregate amount, taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding, not to exceed the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA, at any one time outstanding;

(19) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses of intellectual property or leases, in each case, in the ordinary course of business;

(20) Investments by the Issuer or a Restricted Subsidiary of the Issuer in a Securitization Entity or any Investments by a Securitization Entity in any other Person in connection with a Qualified Securitization Transaction, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Transaction or any related Indebtedness; *provided*, *however*, that such Investment is solely in the form of a Purchase Money Note, equity interests or contribution of additional accounts receivable generated by the Issuer or any of its Subsidiaries;

(21) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described above under "—Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (3), (6), (10), (11), (13) and (19) of such covenant);

(22) any acquisition of assets or Capital Stock solely in exchange for, or out of the net cash proceeds received from, the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or Holdings, as applicable, or any contribution to the common equity of the Issuer or Holdings, as applicable; *provided* that the amount of any such net cash proceeds that are utilized for any such Investment pursuant to this clause (22) will be excluded from clause (c)(2) of the first paragraph of the covenant described above under "—Certain Covenants—Restricted Payments";

(23) other Investments in any Person (other than an Investment in an Unrestricted Subsidiary) having an aggregate Fair Market Value, when taken together with all other Investments made pursuant to this clause (23) that are at the time outstanding not to exceed the greater of (x) $100.0 million and (y) 25.0% of Consolidated EBITDA, at any one time outstanding; *provided*, *however*, that if any Investment pursuant to this clause (23) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (23) for so long as such Person continues to be a Restricted Subsidiary of the Issuer;

(24) any Investment by the Issuer or a Restricted Subsidiary of the Issuer in a Person engaged in a Permitted Business (other than an Investment in an Unrestricted Subsidiary) having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (24) that are at the time outstanding, not to exceed the greater of (x) $150.0 million and (y) 40.0% of Consolidated EBITDA, at any one time outstanding; *provided*, *however*, that if any Investment pursuant to this clause (24) is made in any Person that is not a Restricted Subsidiary of the Issuer at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Issuer after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (24) for so long as such Person continues to be a Restricted Subsidiary of the Issuer; and

(25) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value, when taken together with all other Investments made pursuant to this clause (25) that are at that time outstanding not to exceed the greater of (x) $125.0 million and (y) 30.0% of Consolidated EBITDA, at any one time outstanding, so long as on the date of any such Investment, no Event of Default has occurred and is continuing or would result therefrom; *provided* that in no event shall any material portion of the intellectual property of the Issuer and its Restricted Subsidiaries be transferred to any Unrestricted Subsidiary pursuant to this clause (25).

For purposes of this definition, in the event that a proposed Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Investments described in clauses (1) through (25) above, or is otherwise entitled to be incurred or made pursuant to the covenant contained under "—Certain Covenants—Restricted Payments" above, the Issuer will be entitled to classify, or later reclassify, such Investment (or portion thereof) in one or more of such categories set forth above or under "—Certain Covenants—Restricted Payments."

"*Permitted Liens*" means:

(1) Liens on assets of the Issuer or any of its Restricted Subsidiaries securing Indebtedness and other Obligations that were incurred pursuant to clause (1), (8), (15) or (22) of the definition of "Permitted Debt";

(2) Liens in favor of the Issuer or any of its Subsidiaries (other than Liens on assets of the Issuer or any Guarantor in favor of any Subsidiary that is not a Guarantor);

(3) Liens on assets, property or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary of the Issuer or is merged or amalgamated with or into or consolidated with the Issuer or a Restricted Subsidiary of the Issuer; *provided* that such Liens (a) were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of the Issuer or such merger or consolidation and (b) do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Issuer or the surviving entity of any such merger, amalgamation or consolidation;

(4) Liens on assets or on property (including Capital Stock) existing at the time of acquisition of the assets or property by the Issuer or any Subsidiary of the Issuer; *provided* that such Liens (a) were in existence prior to such acquisition and not incurred in contemplation of, such acquisition and (b) do not extend to any other assets of the Issuer or any of its Subsidiaries;

(5) Liens, pledges or deposits to secure the performance of bids, trade contracts, leases, statutory obligations, insurance, judgments, surety or appeal bonds, workers' compensation obligations, performance bonds, unemployment insurance obligations, social security obligations, or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the definition of Permitted Debt covering only the assets acquired with or financed by such Indebtedness; provided that individual financings of property or equipment provided by one lender may be cross collateralized to other financings of property or equipment provided by such lender;

(7) (a) Liens existing on the Issue Date (other than with respect to the Senior Credit Agreements) and (b) Liens securing the Secured Opco Notes issued on the Acquisition Date and the Guarantees thereof;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet due and payable or that are being contested in good faith by appropriate proceedings; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP (or in conformity with generally accepted accounting principles in the jurisdiction in which such Issuer or Restricted Subsidiary is organized) has been made therefor;

(9) Liens imposed by law, such as carriers', warehousemen's, materialmen's, landlord's, workmen's, repairmen's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(10) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) Liens created for the benefit of (or to secure) the Notes and related Note Guarantees and additional *pari passu* Indebtedness and related Guarantees permitted to be incurred under the Indenture;

(12) Liens to secure any Refinancing Indebtedness permitted to be incurred under the Indenture; *provided*, *however*, that

> (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
>
> (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount (or accreted amount, if applicable, or, if greater, committed amount) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(14) Liens arising from, or from the filing of UCC financing statements in connection with, operating leases;

(15) bankers' Liens, rights of set-off, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made to the extent required by GAAP;

(16) Liens on Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens on specific items of inventory or other goods and the proceeds thereof (including documents, instruments, accounts, chattel paper, letter of credit rights, general intangibles, supporting obligations, and claims under insurance policies relating thereto) of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) leases, subleases, licenses or sublicenses (including licenses or sublicenses of software and other technology or intellectual property) in the ordinary course of business or otherwise not materially interfering with the conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(19) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(20) statutory, common law or contractual Liens of creditor depository institutions or institutions holding securities accounts (including the right of set-off or similar rights and remedies);

(21) customary Liens granted in favor of a trustee (including the Trustee for the Notes) to secure fees and other amounts owing to such trustee under an indenture or other agreement pursuant to which Indebtedness not prohibited by the indenture is issued (including the Indenture under which the Notes are to be issued);

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods;

(23) (a) Liens on assets or the Capital Stock of Non-Guarantor Subsidiaries securing Indebtedness of Non-Guarantor Subsidiaries permitted to be incurred in accordance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" and (b) Liens on the Capital Stock of Unrestricted Subsidiaries;

(24) Liens securing Hedging Obligations entered into in the ordinary course of business and not for speculative purposes; *provided* that such Hedging Obligations are permitted to be incurred under the Indenture;

(25) Liens on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets otherwise permitted under the Indenture for so long as such agreements are in effect;

(26) other Liens with respect to obligations that do not exceed the greater of (x) $200.0 million and (y) 50.0% of Consolidated EBITDA at any one time outstanding;

(27) Liens securing Indebtedness or other Obligations of the Issuer or a Restricted Subsidiary of the Issuer owing to the Issuer or another Restricted Subsidiary of the Issuer permitted to be incurred in accordance with the covenant described above under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(28) leases and subleases of real property that do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries;

(29) Liens on accounts receivable and related assets of the type specified in the definition of "Securitization Transaction" incurred in connection with a Qualified Securitization Transaction;

(30) deposits made in the ordinary course of business to secure liability to insurance carriers;

(31) Liens incurred to secure any Cash Management Services and Treasury Management Arrangement incurred in the ordinary course of business;

(32) Liens solely on any cash earnest money deposits made by the Issuer or any Restricted Subsidiary of the Issuer in connection with any letter of intent or purchase agreement permitted under the Indenture;

(33) any encumbrances or restrictions (including, without limitation, put and call agreements) with respect to the Capital Stock of any joint venture pursuant to the agreement evidencing such joint venture;

(34) Liens that may arise on inventory or equipment in the ordinary course of business as a result of such inventory or equipment being located on premises owned by Persons other than the Issuer or its Restricted Subsidiaries;

(35) [reserved];

(36) in relation to the Company's Subsidiaries incorporated or formed in Australia (i) a deemed security interest under section 12(3) of the Personal Property Securities Act 2009 (Cth).which does not secure payment or performance of an obligation and (ii) a Lien taken in personal property (as defined in the Personal Property Securities Act 2009 (Cth).) by a seller of that personal property to the extent that it secures the obligation to pay all or part of the purchase price of that personal property, where that personal property is purchased in the ordinary course of the buyer's business;

(37) [reserved]; and

(38) Liens on cash proceeds of Indebtedness (and on the related escrow accounts) in connection with the issuance of such Indebtedness into (and pending the release from) a customary escrow arrangement, to the extent such Indebtedness is incurred in compliance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock."

For purposes of determining compliance with this definition, (x) Permitted Liens need not be incurred solely by reference to one category of Permitted Liens described above but are permitted to be incurred in part under any combination thereof and (y) in the event that a Lien (or any portion thereof) meets the criteria of one or more categories of Permitted Liens described above, the Issuer shall, in its sole discretion, classify (or later reclassify) such item of Permitted Liens (or any portion thereof) in any manner that complies with this definition and (z) in the event that a portion of Indebtedness secured by a Lien that is incurred after the Issue Date could be classified as secured in part pursuant to clause (1) above (giving effect to the Incurrence of such portion of such Indebtedness), the Issuer, in its sole discretion, may classify such portion of such Indebtedness (and any Obligations in respect thereof) as having been secured pursuant to clause (1) above and thereafter the remainder of the Indebtedness as having been secured pursuant to one or more of the other clauses of this definition; *provided*, *however*, that indebtedness under any Senior Credit Agreement shall be deemed secured under clause (1) of the definition of Permitted Liens above and thereafter may not be reclassified.

"*Permitted Parent*" means any (a) direct or indirect parent of the Issuer formed not in connection with, or in contemplation of, a transaction that, assuming such parent was not so formed, after giving effect thereto would constitute a Change of Control, (b) any direct or indirect parent of the Issuer formed in connection with an underwritten public Equity Offering and (c) any Public Company (or Wholly Owned Subsidiary of such Public Company) to the extent and until such time as any Person or group (other than a Permitted Holder under clause (i), (ii), (iii) or (v) of the definition thereof) is deemed to be or become a beneficial owner of Voting Stock of such Public Company representing more than 50.0% of the total voting power of the Voting Stock of such Public Company.

"*Permitted Payments to Parent*" means the declaration and payment of dividends or other payments to, or the making of loans to, any direct or indirect parent of the Issuer in amounts required for any direct or indirect parent of the Issuer (and, in the case of clause (3) below, its direct or indirect members), to pay, in each case without duplication:

(1) general corporate operating and overhead costs and expenses (including, without limitation, expenses related to reporting obligations and any franchise and similar taxes, and other fees and expenses, required to maintain their corporate existence) of any direct or indirect parent of the Issuer to the extent such costs and expenses are reasonably attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(2) reasonable fees and expenses (other than to Affiliates of the Issuer) incurred in connection with any unsuccessful debt or equity offering or other financing transaction by such direct or indirect parent of the Issuer;

(3) with respect to any taxable period ending after the Acquisition Date for which the Issuer and/or any of its Subsidiaries are members of a consolidated, combined or similar income tax group for U.S. federal and/or applicable state, local or foreign income tax purposes of which a direct or indirect parent of the Issuer is the common parent or other applicable taxpayer for the group (a "*Tax Group*"), the portion of any U.S. federal, state, local, and/or foreign income and similar taxes (including any alternative minimum taxes) of such Tax Group that is attributable to the taxable income of the Issuer and/or its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries for such purpose, in amounts required to pay any such taxes that are attributable to the taxable income of such Unrestricted Subsidiaries; *provided* that the aggregate amount of such payments with respect to such period (regardless of when paid) shall not exceed the aggregate amount of such taxes that the Issuer and its applicable Restricted Subsidiaries (and, subject to the limitation described above, any applicable Unrestricted Subsidiaries of the Issuer) would have been required to pay with respect to such period were such entities stand-alone corporate taxpayers or a stand-alone corporate Tax Group for all applicable periods ending after the Acquisition Date;

(4) fees and expenses owed by the Issuer, any direct or indirect parent of the Issuer, as the case may be, or the Issuer's Restricted Subsidiaries to Affiliates, in each case, to the extent permitted by clause (7) of the second paragraph under the covenant described under "—Certain Covenants—Transactions with Affiliates";

(5) customary salary, bonus, severance, indemnification obligations and other benefits payable to officers and employees of such direct or indirect parent company of the Issuer to the extent such salaries, bonuses, severance, indemnification obligations and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(6) the payment of customary transaction fees and expenses payable in accordance with clause (20) of the second paragraph under the covenant described under "—Certain Covenants—Transactions with Affiliates"; and

(7) fees and expenses incurred by the Issuer or any direct or indirect parent of the Issuer related to the performance of its obligations under the Indenture.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principals*" means (1) Sponsor and (2) one or more investment funds advised, managed or controlled by Sponsor and, in each case (whether individually or as a group) their Affiliates, but not initially, however, any portfolio company of any of the foregoing.

"*Pro Forma Basis*" means, with respect to the calculation of any test, financial ratio, basket or covenant under the Indenture, including the Consolidated Senior Secured Debt Ratio, the Consolidated Total Debt Ratio and the Fixed Charge Coverage Ratio and the calculation of Consolidated EBITDA and Total Assets, of any

Person and its Restricted Subsidiaries, as of any date, that pro forma effect will be given to the Acquisition Transactions, the Transactions, any acquisition, merger, amalgamation, consolidation, Investment, any issuance, incurrence, assumption or repayment or redemption of Indebtedness (including Indebtedness issued, incurred or assumed or repaid or redeemed as a result of, or to finance, any relevant transaction and for which any such test, financial ratio, basket or covenant is being calculated), any issuance or redemption of preferred stock or Disqualified Stock, all sales, transfers and other dispositions or discontinuance of any Subsidiary, line of business, division, segment or operating unit, any operational change or any designation of a Restricted Subsidiary to an Unrestricted Subsidiary or of an Unrestricted Subsidiary to a Restricted Subsidiary, in each case that have occurred during the four consecutive fiscal quarter period of such Person being used to calculate such test, financial ratio, basket or covenant (the "*Reference Period*"), or subsequent to the end of the Reference Period but prior to such date or prior to or simultaneously with the event for which a determination under this definition is made (including any such event occurring at a Person who became a Restricted Subsidiary of the subject Person or was merged or consolidated with or into the subject Person or any other Restricted Subsidiary of the subject Person after the commencement of the Reference Period), as if each such event occurred on the first day of the Reference Period.

For purposes of making any computation referred to above:

(1) 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 date for which a determination under this definition is made had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if such Hedging Obligations have a remaining term in excess of 12 months);

(2) interest on a Capital Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer, in his or her capacity as such and not in his or her personal capacity, of the Issuer or a direct or indirect parent company of the Issuer to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP;

(3) interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, an eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate;

(4) interest on any Indebtedness under a revolving credit facility or a Qualified Securitization Transaction computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period; and

(5) to the extent not already covered above, any such calculation may include adjustments calculated in accordance with Regulation S-X under the Securities Act.

Any pro forma calculation may include, without limitation, (1) adjustments calculated in accordance with Regulation S-X under the Securities Act and (2) adjustments calculated to give effect to any Pro Forma Cost Savings; *provided* that any such adjustments that consist of reductions in costs and other operating improvements or synergies (whether added pursuant to this definition, the definition of "Pro Forma Cost Savings" or otherwise added to Consolidated Net Income or Consolidated EBITDA) shall be calculated in accordance with, and satisfy the requirements specified in, the definition of "Pro Forma Cost Savings".

"*Pro Forma Cost Savings*" means, without duplication of any amounts referenced in the definition of "Pro Forma Basis," an amount equal to the amount of cost savings, operating expense reductions, operating improvements and acquisition synergies, in each case, projected in good faith to be realized (calculated on a pro forma basis as though such items had been realized on the first day of such period) as a result of actions taken on or prior to, or to be taken by the Issuer (or any successor thereto) or any Restricted Subsidiary within 18 months of, the date of such pro forma calculation, net of the amount of actual benefits realized or expected to be realized during such period that are otherwise included in the calculation of Consolidated EBITDA from such action; *provided* that (i) such cost savings, expense reductions, operating improvements and synergies are reasonably identifiable (as determined in good faith by a responsible financial or accounting officer, in his or her capacity as such and not in his or her personal capacity, of the Issuer, any director or indirect parent of the Issuer or any Qualified Reporting Subsidiary (or any successor thereto), to the extent providing the report required by the covenant described under “Certain Covenants—Reports”) and are reasonably anticipated to be realized within 18 months after the date of such pro forma calculation or after the consummation of any change that is expected to result in such cost savings, operating expense reductions, operating improvements or synergies, (ii) except for adjustments for Public Company Costs, the aggregate amount added in respect of this definition of “Pro Forma Cost Savings” shall not exceed with respect to any four quarter period, 20% of Consolidated EBITDA for such period (calculated after giving effect to any such adjustments and after giving effect to any adjustments relating to Public Company Costs, if applicable), (iii) the aggregate amount added in respect of the foregoing (or otherwise added to Consolidated Net Income or Consolidated EBITDA) shall no longer be permitted to be added back to the extent the cost savings, operating expense reductions, operating improvements and synergies have not been achieved within 18 months of the action or event giving rise to such cost savings, operating expense reductions, operating improvements and synergies and (iv) no cost savings, expense reductions, operating improvements and synergies shall be added pursuant to this definition to the extent duplicative of any expenses or charges otherwise added to Consolidated Net Income or Consolidated EBITDA, whether through a pro forma adjustment or otherwise, for such period.

“*Public Company*” means any Person with a class or series of Voting Stock that is traded on a stock exchange or in the over-the-counter market.

“*Public Company Costs*” means, as to any Person, costs relating to compliance with the provisions of the Securities Act and the Exchange Act, as applicable to companies with equity securities held by the public, 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, the rules of national securities exchange companies with listed equity, directors’ compensation, fees and expense reimbursement, costs relating to investor relations, shareholder meetings and reports to shareholders, 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 listing of such Person’s equity securities on a national securities exchange.

“*Purchase Money Note*” means a promissory note of a Securitization Entity evidencing a line of credit, which may be irrevocable, from the Issuer or any of its Subsidiaries to a Securitization Entity in connection with a Qualified Securitization Transaction, which note is intended to finance that portion of the purchase price that is not paid by cash or a contribution of equity.

“*Qualified Securitization Transaction*” means any Securitization Transaction of a Securitization Entity that meets the following conditions:

(1) the Board of Directors of the Issuer or any direct or indirect parent of the Issuer shall have determined in good faith that such Qualified Securitization Transaction (including financing terms, covenants, termination events or other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Securitization Entity;

(2) all sales of accounts receivable and related assets to the Securitization Entity are made at Fair Market Value (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings; and

(3) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

Notwithstanding anything to the contrary, the grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Securitization Entity) to secure Indebtedness or other Obligations under the Senior Credit Agreements shall not be deemed a Qualified Securitization Transaction.

"*Qualifying Equity Interests*" means Equity Interests of the Issuer other than Disqualified Stock.

"*Qualifying IPO*" means any transaction (other than a public offering pursuant to a registration statement on Form S-8, but including in connection with the acquisition (by merger or otherwise) of the Issuer or any direct or indirect parent of the Issuer) following which the common Equity Interests of the Issuer or any direct or indirect parent of the Issuer (including any acquirer) are listed on any United States national securities exchange.

"*Ratings Agency*" means (1) each of Moody's and S&P and (2) if Moody's or S&P ceases to rate the Notes for reasons outside of the Issuer's control, a "nationally recognized statistical rating organization" within the meaning of Section 3 under the Exchange Act selected by the Issuer or any direct or indirect parent of the Issuer as a replacement agency for Moody's or S&P, as the case may be.

"*Regulated Subsidiary*" means any entity that is subject to United States or foreign federal, state or local regulation over its ability to incur Indebtedness or create Liens (including Liens with respect to its own Capital Stock).

"*Related Business Assets*" means assets (other than cash or Cash Equivalents) used or useful in a Permitted Business and not classified as current assets under GAAP; *provided* that assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not qualify as Related Business Assets if they consist of securities of a Person, unless upon receipt of such securities such Person becomes a Restricted Subsidiary of the Issuer.

"*Related Party*" means (a) with respect to the Sponsor, (i) any investment fund controlled by or under common control with the Sponsor, any officer or director of the foregoing persons, or any entity controlled by any of the foregoing persons and (ii) any spouse or lineal descendant (including by adoption or stepchildren) of the officers and directors referred to in clause (a)(i); and (b) with respect to any officer of the Issuer or its Subsidiaries, (i) any spouse or lineal descendant (including by adoption and stepchildren) of such officer and (ii) any trust, corporation or partnership or other entity, in each case to the extent not an operating company, of which an 80% or more controlling interest is held by the beneficiaries, stockholders, partners or owners who are the officer, any of the persons described in clause (b)(i) above or any combination of these identified relationships.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group.

"*Sale/Leaseback Transaction*" means any arrangement relating to property now owned or hereafter acquired by the Issuer or any of its Restricted Subsidiaries whereby the Issuer or a Restricted Subsidiary of the Issuer transfers such property to a Person and the Issuer or such Restricted Subsidiary of the Issuer leases it from such Person, other than leases between the Issuer and a Restricted Subsidiary of the Issuer or between the Issuer's Restricted Subsidiaries.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien other than Indebtedness with respect to Cash Management Services or a Treasury Management Arrangement.

"*Secured Opco Note Guarantees*" means the Guarantee by each guarantor of the Opco Notes Issuer's obligations under the Secured Opco Notes Indenture and the Secured Opco Notes, executed pursuant to the provisions of the Secured Opco Notes Indenture.

"*Secured Opco Notes*" means the $700.0 million aggregate principal amount of 6.75% Senior Secured Notes due 2026 issued by the Opco Notes Issuer on the Acquisition Date.

"*Secured Opco Notes Indenture*" means the indenture, dated as of the Acquisition Date, among the Opco Notes Issuer, the guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee and collateral agent, as amended and supplemented from time to time.

"*Secured Opco Notes Security Documents*" means the Intercreditor Agreements, each joinder or amendment to the Intercreditor Agreements, all security agreements, pledge agreements, control agreements, collateral assignments, mortgages, deeds of trust, security deeds, deeds to secure debt, hypothecs, collateral agency agreements, debentures or other instruments, pledges, grants or transfers for security or agreements related thereto executed and delivered by the Issuer or any Guarantor creating or perfecting (or purporting to create or perfect) a Lien upon collateral (including, without limitation, financing statements under the UCC) in favor of the Opco Notes Collateral Agent on behalf of the trustee and the holders of the Secured Opco Notes to secure the Secured Opco Notes and the Secured Opco Note Guarantees in each case, as amended, modified, restated, supplemented or replaced, in whole or in part, from time to time, in accordance with its terms and the Secured Opco Notes Indenture subject to the terms of the Intercreditor Agreements.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Securitization Entity*" means a Wholly Owned Restricted Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Securitization Transaction with the Issuer in which the Issuer or any Restricted Subsidiary of the Issuer makes an Investment and to which the Issuer or any Restricted Subsidiary of the Issuer transfers accounts receivable and related assets) which is designated by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer (as provided below) as a Securitization Entity and engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Issuer or any of its Subsidiaries (other than the Securitization Entity) (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is recourse to or obligates the Issuer or any of its Subsidiaries (other than the Securitization Entity) in any way other than pursuant to Standard Securitization Undertakings or (c) subjects any asset of the Issuer or any of its Subsidiaries (other than the Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any of its Subsidiaries has any material contract, agreement, arrangement or understanding other than on terms no less favorable to the Issuer or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any of its Subsidiaries has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any designation by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolutions of the Board of Directors of the Issuer or such direct or indirect parent of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary of the Issuer or any of its Restricted Subsidiaries in connection with, a Qualified Securitization Transaction.

"*Securitization Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Securitization Transaction to repurchase receivables 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, off-set 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 Transaction*" means any transaction or series of transactions that may be entered into by the Issuer, any of its Restricted Subsidiaries or a Securitization Entity pursuant to which the Issuer, such Restricted Subsidiary or such Securitization Entity may sell, convey or otherwise transfer to, or grant a security interest in for the benefit of, (1) a Securitization Entity, the Issuer or any of its Restricted Subsidiaries which subsequently transfers to a Securitization Entity (in the case of a transfer by the Issuer or such Restricted Subsidiary) and (2) any other Person (in the case of transfer by a Securitization Entity), any accounts receivable (whether now existing or arising or acquired in the future) of the Issuer or any of its Restricted Subsidiaries which arose in the ordinary course of business of the Issuer or such Restricted Subsidiary, and any assets related thereto, including, without limitation, all collateral securing such accounts receivable, all contracts and contract rights and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets (including contract rights) which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"*Senior Credit Agreements*" means, collectively, any ABL Credit Agreement and any Term Loan Credit Agreement.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as deemed in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

"*Specified Permitted Adjustments*" means all adjustments of the type or nature identified in the calculations of "Adjusted EBITDA" and "Pro Forma Adjusted EBITDA" as set forth in the "Summary—Summary Historical Consolidated Financial Information and Other Data" to the extent such adjustments, without duplication, continue to be applicable to the Reference Period (it being understood that such adjustments shall be calculated net of the amount of actual benefits realized or expected to be realized during Reference Period that are otherwise included in the calculation of Consolidated EBITDA).

"*Sponsor*" means Platinum Equity Advisors, LLC and its Affiliates (excluding any operating portfolio company thereof).

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any of its Subsidiaries which the Issuer has determined in good faith to be customary in a Securitization Transaction including, without limitation, those relating to the servicing of the assets of a Securitization Entity, it being understood that any Securitization Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms expressly subordinated in right of payment to the Notes, and (b) with respect to any Guarantor, any Indebtedness of such Guarantor which is by its terms expressly subordinated in right of payment to its Note Guarantee.

“*Subsidiary*” means, with respect to any specified 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 and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any partnership, joint venture or 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 and 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; and

(3) any Person that is consolidated in the consolidated financial statements of the specified Person in accordance with GAAP.

“*Taxes*” means any present or future tax, levy, impost, assessment or other government charge (including penalties, interest, additions to tax and any other liabilities related thereto) imposed or levied by or on behalf of a Taxing Authority.

“*Taxing Authority*” means any government or any political subdivision or territory or possession of any government or any authority or agency therein or thereof having power to tax.

“*Term Loan Credit Agreement*” means that certain credit agreement with respect to the senior secured term loan credit facility entered into on the Acquisition Date by and among the Opco Notes Issuer, the guarantors party thereto, Bank of America, N.A., as administrative agent and as collateral agent (in such capacity, the “*Term Loan Collateral Agent*”), and the lenders, agents and other parties party thereto, and including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, supplemented, waived, renewed or otherwise modified from time to time, and (if designated by the Issuer) as replaced (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid, refunded, refinanced or otherwise modified from time to time, including (if designated by the Issuer) any agreement or indenture or commercial paper facilities with banks or other institutional lenders or investors extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or indenture or indentures or any successor or replacement agreement or agreements or indenture or indentures or increasing the amount loaned or issued thereunder permitted under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock” or altering the maturity thereof or adding Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

“*Total Assets*” means the total consolidated assets of the Issuer and its Restricted Subsidiaries as set forth on the most recent internally available consolidated balance sheet of the Issuer and its Restricted Subsidiaries.

"*Transactions*" means the offering of the Notes and the use of proceeds therefrom as described in this Offering Memorandum and related transactions.

"*Treasury Management Arrangement*" means any agreement or other arrangement governing the provision of treasury or cash management services, including deposit accounts, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such series of Notes are defeased or satisfied and discharged, of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to , 2021; *provided*, *however*, that if the period from the redemption date to , 2021 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trust Indenture Act*" or "*TIA*" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb), as in effect on the Issue Date and, to the extent required by law, as amended.

"*UCC*" means the Uniform Commercial Code (or any successor statute) as in effect from time to time in the relevant jurisdiction.

"*Unrestricted Subsidiary*" means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of such Board of Directors, and any Subsidiary of an Unrestricted Subsidiary, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer (other than any Subsidiary of the Subsidiary to be so designated) unless the terms of any such agreement, contract, arrangement or understanding are not materially less favorable to the Issuer or such Restricted Subsidiary of the Issuer than those that might have been obtained at the time of any such agreement, contract, arrangement or understanding than those that could have been obtained from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries (other than any Subsidiary of the Subsidiary to be so designated) has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than any Subsidiary of the Subsidiary to be so designated).

Any designation by the Board of Directors of the Issuer or any direct or indirect parent of the Issuer shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolutions of such Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions. No Unrestricted Subsidiary shall create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary (other than Equity Interests in an Unrestricted Subsidiary).

"*Unsecured Opco Notes*" means the $690 million aggregate principal amount of 10.50% Senior Notes due 2027 issued by the Opco Notes Issuer on the Acquisition Date.

"*Unsecured Opco Notes Indenture*" means the indenture, dated as of the Acquisition Date, among the Opco Notes Issuer, the guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee, as amended and supplemented from time to time.

"*Unsecured Note Guarantee*" means the Guarantee by each guarantor of the Opco Notes Issuer's obligations under the Unsecured Opco Notes Indenture and the Unsecured Opco Notes, executed pursuant to the provisions of the Unsecured Opco Notes Indenture.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote (without regard to the occurrence of any contingency) in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly Owned Restricted Subsidiary*" means any Wholly Owned Subsidiary that is a Restricted Subsidiary.

"*Wholly Owned Subsidiary*" means, with respect to any Person, a direct or indirect Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interest of which (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

BOOK-ENTRY, DELIVERY AND FORM

The Notes sold to persons reasonably believed to be qualified institutional buyers (each, a "QIB") in reliance on Rule 144A will be represented by one or more global notes in registered form without coupons attached (the "Rule 144A Global Notes"). The Notes sold to persons outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") will initially be represented by one or more temporary global notes in registered form without interest coupons attached (the "Temporary Regulation S Global Notes"). Temporary Regulation S Global Notes will be exchangeable for permanent global notes (the "Permanent Regulation S Global Notes" and, together with the Temporary Regulation S Global Notes, the "Regulation S Global Notes") after the expiration of the Restricted Period (as described below). The Rule 144A Global Notes and the Regulation S Global Notes will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee for DTC. The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to as the "Global Notes." Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Restricted Period"), beneficial interests in the Temporary Regulation S Global Notes may not be transferred to beneficial interests in another Global Note, unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below.

Ownership of interests in the Rule 144A Global Notes (the "Rule 144A Book-Entry Interests") and in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with DTC, or persons that hold interests through DTC. DTC will hold interests in the Global Notes on behalf of its participants through customers' securities accounts in their respective names on the books of DTC. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by DTC and its participants. 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 certificated 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, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, DTC (or its nominees) will be considered the sole holder of the Global Notes for all purposes under the Indenture. In addition, 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, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither of the Issuer nor the Trustee nor any of their respective agents will have any responsibility, or be liable, for the performance by DTC of its obligations under the rules and procedures governing its operations or any aspect of the records relating to the Book-Entry Interests.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to DTC or its nominee, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature, except as may be required by law. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the paying agents, registrars and transfer agents (collectively, the "Agents") will treat the registered holder of the Global Notes (e.g., DTC or its nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for any aspect of the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or DTC or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Rule 144A Global Notes and the Regulation S Global Notes, will be paid to holders of interests in such Notes through DTC in U.S. dollars.

Action by Owners of Book-Entry Interests

DTC has 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 below) only at the direction of one or more participants to whose account the Book-Entry Interests 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 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 an indenture, DTC reserves the right to exchange the Global Notes under such indenture for definitive registered notes in certificated form (the "Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in DTC will be effected 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 Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of DTC and in accordance with the procedures set forth in the Indenture.

The Global Notes for Rule 144A Book-Entry Interests will have a legend to the effect set forth under "Transfer Restrictions." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Transfer Restrictions."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Prior to the expiration of the Restricted Period, beneficial interests in the Temporary Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Notes only if:

- such exchange occurs in connection with a transfer of Notes pursuant to Rule 144A; and
- the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:
    - whom the transferor reasonably believes to be a QIB within the meaning of Rule 144A; and
    - who is purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A; and

- in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Notes and a corresponding increase in the principal amount of the Rule 144A Global Notes.

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 any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such 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 remains such a Book-Entry Interest.

Notices

So long as the Global Notes are held on behalf of a clearing system, notices required to be given to noteholders may be given by their being delivered to that clearing system and will be deemed to have been given to the noteholders on the date of delivery to such clearing system.

Information Concerning DTC

DTC is:

- a limited purpose trust company organized under the New York Banking Law;
- a "banking organization" under the 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 such as the initial purchasers. Others, such as banks, brokers, dealers, trust companies and clearing corporations, 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.

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 the DTC system or otherwise take actions in respect of such interest may be limited by the lack of a definitive 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 persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Rule 144A Global Note and the Regulation S Global Note only through DTC participants.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a position contrary to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (*i.e.*, the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell the Notes under the constructive sale provisions of the Code; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Characterization of the Notes

As described above, we may be required to pay additional amounts in connection with a redemption or repurchase of the Notes in addition to the stated principal amount of and interest on the Notes. Although the issue is not free from doubt, we will take the position that the possibility of payment of such additional amounts in redemption of the Notes does not result in the Notes being treated as contingent payment debt instruments under the applicable Treasury regulations. If we become obligated to pay additional amounts in redemption of the Notes as described above, we will take the position that such amounts will be treated as additional proceeds and taxed as described below under "Tax Considerations Applicable to U.S. Holders—Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes" or "Tax Considerations Applicable to Non-U.S. Holders—Sale, Exchange, Redemption, Retirement or Other Disposition of the Notes." These positions will be based on our determination that, as of the date of the issuance of the Notes, the possibility that additional amounts in redemption of the Notes will have to be paid is a remote or incidental contingency within the meaning of applicable Treasury regulations.

Additionally, as described above, we will have the option to pay all or a portion of interest on the Notes with PIK Interest, with any remaining interest paid in Cash Interest. The presence of this option may cause the Notes to be treated as "contingent payment debt instruments" for U.S. federal income tax purposes unless one of the exceptions set forth in applicable provisions of the Treasury regulations applies. Although the matter is not free from doubt, we intend to take the position that an exception applies and that the Notes should not be treated as contingent payment debt instruments as a result of the existence of the option to pay PIK Interest on the Notes.

Our determination that the Notes should not be treated as contingent payment debt instruments is binding on a U.S. 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 position contrary to that described above, a U.S. Holder may be required to accrue interest income on the Notes based upon a comparable yield, regardless of the holder's method of accounting. The "comparable yield" is the yield at which we would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions similar to those of the Notes. In addition, any gain on the sale, exchange, redemption, retirement or other taxable disposition of the Notes may be recharacterized as ordinary income. Holders of Notes should consult their 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 U.S. federal income tax purposes.

Tax Considerations Applicable to U.S. Holders

Definition of a U.S. Holder

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or 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 U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Payment of Interest (Original Issue Discount)

As described above, the Issuer is entitled to pay PIK Interest in lieu of cash interest payments on the Notes. Because of this option, the Notes will be treated as issued with OID for U.S. federal income tax purposes. Generally, OID on a Note is equal to the difference between the "stated redemption price at maturity" of such Note and its issue price (as defined above). The "stated redemption price at maturity" of a Note is equal to the sum of all payments to be made on such Note other than "qualified stated interest." The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the Issuer) at least annually at a single fixed rate. Because of the Issuer's option to pay PIK Interest, none of the stated interest payments on the Notes will be qualified stated interest. Consequently, the stated redemption price at maturity of the Notes will be equal to all the payments to be made on the Notes. The Notes will have additional OID to the extent that their issue price is less than their stated principal amount.

U.S. Holders generally must include OID in gross income (as ordinary income) on a constant yield to maturity basis, regardless of the holder's regular method of accounting for U.S. federal income tax purposes and regardless of whether the corresponding cash payments are received concurrently.

The amount of OID that a U.S. Holder must include in income for any taxable year with respect to a Note will generally be equal to the sum of the "daily portions" of OID with respect to the Note for each day during such taxable year on which the holder held that Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" may be of any length and may vary in length over the term of the Notes, provided that each accrual period is no longer than one year and each scheduled payment of principal and interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the product of the Note's "adjusted issue price" at the beginning of the accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (including payments of accrued interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period.

The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its issue date to be equal to the issue price of such Note. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID, if any, for each prior accrual period, and decreased by the amount of any cash payments previously made on the Note (taking into account the effect of any prior pro rata prepayments, as discussed below).

Because PIK Interest will accrue at a rate higher than Cash Interest, it is expected that the Issuer's exercise of its option to pay PIK Interest would not result in a lower yield to maturity of the Notes. In such case, under the OID rules, it would be assumed that the Issuer would not exercise such option and that all interest on the Notes would be paid in cash. If the Issuer in fact does not exercise its option to pay PIK Interest, with respect to any interest period for which that option is not exercised, a U.S. Holder will not be required to adjust its OID calculation for future periods. If, contrary to this assumption, the Issuer does in fact exercise its option to pay PIK Interest for any interest period (a "change in circumstances"), the holder's OID calculation for future periods will be adjusted by treating the Note (solely for the purposes of determining the amount of OID on the Note) as if it had been retired and then reissued on the date of the change in circumstances for an amount equal to its adjusted issue price on that date, and recalculating the yield to maturity of the reissued Note by treating the amount of PIK Interest (and of any prior PIK Interest) as a payment that will be made on the maturity date of such Note.

If, on the other hand, paying interest in the form of PIK Interest would result in a lower yield to maturity of the Notes, the assumption under the OID rules would be that the Issuer would exercise its option to pay PIK Interest with respect to each period for which such option exists. If the Issuer is assumed to exercise its option to pay PIK Interest, with respect to any interest period for which that option is exercised, the holder will not be required to adjust its OID calculation for future periods. If, contrary to this assumption, the Issuer elects to pay all or a portion of that interest in cash, such cash portion would be treated not as a payment of accrued OID, but instead as a pro rata prepayment in retirement of a portion of a Note, which may result in a gain or loss to the holder. Generally, the gain or loss would be calculated by assuming that the Note consists of two instruments, one that is retired and one that remains outstanding. The adjusted issue price, adjusted basis and accrued but unpaid OID of the Note, determined immediately before the pro rata prepayment, would be allocated between those two instruments based on the portion of the Note that would be treated as retired by the pro rata prepayment and the portion of the Notes treated as remaining after the pro rata prepayment.

The assumptions described above regarding whether the Issuer will or will not pay PIK Interest are made solely for U.S. federal income tax purposes and do not constitute a representation by the Issuer regarding the likelihood that interest will be paid in cash or in the form of PIK Interest.

After the pricing of the Notes, the Issuer will determine the appropriate assumption to use for purposes of the OID rules, and a holder may obtain the Issuer's determination in this regard by contacting the Issuer at the address or telephone number provided below.

Each payment made in cash under a Note, other than a pro rata prepayment described above (if any), will be treated first as a payment of any accrued OID that has not been allocated to prior payments and second as a payment of principal. A holder generally will not be required to include separately in income cash payments received on the Notes to the extent such payments constitute payments of previously accrued OID or payments of principal.

The issuance of payment-in-kind notes ("PIK Notes") is generally not treated as a payment of interest on a Note for U.S. federal income tax purposes. Instead, a note and any PIK Notes are treated as a single debt instrument under the OID rules. For U.S. federal income tax purposes, increasing the principal amount of the Notes will generally be treated in the same manner as the issuance of PIK Notes.

The rules governing OID are complex. Holders are urged to consult their own tax advisors regarding the application of these rules in light of their particular circumstances.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

U.S. Holders will generally recognize taxable gain or loss on the sale, redemption, retirement or other taxable disposition of a Note. The amount of such gain or loss will be equal to the difference, if any, between the amount received for the Note and the adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be the holder's cost for the Note, increased by the amount of any OID previously included in income with respect to the Note and decreased by the amount of any payments of cash interest made on the Note to the holder. Although the matter is not free from doubt, if the Issuer pays PIK Interest on a Note, a U.S. Holder's adjusted tax basis in the Note should be allocated between such Note and any PIK Notes received in connection with the payment of PIK Interest in proportion to their relative principal amounts. A U.S. Holder's holding period in any such PIK Note would likely be identical to its holding period for the original Note with respect to which the PIK Note was received. Any such gain or loss will generally constitute capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year. Long-term capital gains of non-corporate holders are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding Tax

A U.S. Holder may be subject to information reporting and backup withholding when such holder receives payments on a Note or receives proceeds from the sale or other taxable disposition of a Note (including a redemption or retirement of a Note). Certain U.S. Holders are exempt from backup withholding, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and:

- the holder fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;
- the holder furnishes an incorrect taxpayer identification number;
- the applicable withholding agent is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or
- the holder fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Tax Considerations Applicable to Non-U.S. Holders

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of a Note that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

Payment of Interest (Original Issue Discount)

Subject to the discussions below under "—Information Reporting and Backup Withholding" and "—Additional Withholding Tax on Payments Made to Foreign Accounts," payments of interest (which, for purposes of this discussion of Non-U.S. Holders, includes OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all our classes of stock;
- the Non-U.S. Holder is not a controlled foreign corporation related to us through actual or constructive stock ownership;
- such interest payments are not effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States;
- such interest payments are not determined by reference to any receipts, sales, cash flow, income or profits of us or any person related to us, or are otherwise treated as contingent interest within the meaning of Section 871 of the Code and the Treasury regulations promulgated thereunder; and
- the applicable withholding agent receives (i) from the Non-U.S. Holder, a properly completed IRS Form W-8BEN or W-8BEN-E (or substitute or successor form) providing the Non-U.S. Holder's

name and address and certifying under penalties of perjury that the Non-U.S. Holder is a non-U.S. person or (ii) from a security clearing organization, bank or other financial institution that holds the Notes in the ordinary course of its trade or business on behalf of the Non-U.S. Holder, certification under penalties of perjury that such an IRS Form W-8BEN (or substitute or successor form) has been received by it, or by another such organization, bank or financial institution, from the Non-U.S. Holder, and a copy of the IRS Form W-8BEN (or substitute or successor form) is furnished to the payor; or the Non-U.S. Holder holds its Note directly through a "qualified intermediary" and certain conditions are satisfied.

If a Non-U.S. Holder cannot satisfy the foregoing requirements, payments of interest made to such a Non-U.S. Holder generally will be subject to 30% withholding tax unless such Non-U.S. Holder provides the applicable withholding agent with a properly executed (i) IRS Form W-8BEN, claiming an exemption from or reduction of the withholding tax under the benefit of an applicable income tax treaty or (ii) IRS Form W-8ECI, stating that interest paid on a Note is not subject to withholding tax because it is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States, and satisfies any other applicable requirements.

Sale, Exchange, Redemption, Retirement or Other Disposition of the Notes

Subject to the discussions below under "—Information Reporting and Backup Withholding" and "—Additional Withholding Tax on Payments Made to Foreign Accounts," any gain realized by a Non-U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of a Note generally will not be subject to U.S. federal income tax, unless (i) the Non-U.S. Holder is an individual present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied, in which case any gain realized (net of certain U.S. source capital losses) will be subject to U.S. federal income tax at a 30% rate (or lower applicable treaty rate) or (ii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States, in which case any such gain will be taxed as described below under "—U.S. Trade or Business."

Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

U.S. Trade or Business

If interest on the Notes or gain from a disposition of the Notes is effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business, the Non-U.S. Holder generally will be subject to U.S. federal income tax on the interest and gain on a net basis in the same manner as if it were a U.S. Holder, unless an applicable tax treaty provides otherwise. If interest received with respect to the Notes is effectively connected income, the 30% withholding tax described above will not apply, assuming appropriate certifications are provided and certain other requirements are satisfied. In addition, a foreign corporation that is a Non-U.S. Holder also may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a Note or gain recognized on the disposition of a Note will be included in earnings and profits if the interest or gain is effectively connected with the conduct by the foreign corporation of a trade or business in the United States. Non-U.S. Holders should consult their own tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax or other rules different from those described above.

Information Reporting and Backup Withholding

Payments of interest generally will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder certifies its non-U.S. status as described above under "—Payment of Interest (Original Issue Discount)." However, information returns are required to be filed with the IRS in connection with any interest paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of a Note (including a retirement or redemption of the Note) within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the statement described above and does not have actual knowledge or reason to know that such holder is a United States person or the holder otherwise establishes an exemption. Proceeds of a disposition of a Note paid outside the United States and conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities, whether as beneficial owners or intermediaries. Specifically, a 30% withholding tax may be imposed on payments of interest on, or (subject to the proposed Treasury regulations discussed below) gross proceeds from the sale or other disposition of, a Note paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury regulations and administrative guidance, withholding under FATCA currently applies to payments of interest on a Note. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of a Note, proposed Treasury regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury regulations until final Treasury regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in the Notes.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition of the Notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts ("IRAs") and other arrangements that are subject to Section 4975 of the Code or provisions under any other 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 entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement pursuant to 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, or any Similar Law (each, a "Plan").

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 (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA 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 an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan or has authority or responsibility to do so, is generally considered to be a fiduciary of the ERISA Plan.

Any Plan fiduciary that proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the potential applicability of the fiduciary responsibility and prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code to such an investment, and to confirm that such acquisition and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA or whether an exemption would be applicable to any such purchase of notes. In considering an investment in the Notes of a portion of the assets of any Plan, a Plan 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 ERISA Plan, including IRAs and other arrangements that are subject to Section 4975 of the Code, should consider the fact that none of the Issuer, the initial purchasers or any of their respective affiliates (collectively, the "Transaction Parties") is acting as a fiduciary to any ERISA Plan with respect to the decision to purchase or hold the Notes. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective ERISA Plan purchaser on an arm's length basis.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets (including plan assets that are not subject to ERISA but which are subject to Section 4975 of the Code, such as IRAs or an entity deemed to hold the assets of such plans) 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. Those sections further prohibit a fiduciary from engaging in transactions in which a conflict of interest is deemed present. The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit between a Plan and a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the initial purchasers or any of their respective affiliates. A party in interest or disqualified person (including a fiduciary) 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, a fiduciary of the ERISA 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 the Notes by an ERISA Plan with respect to which the Issuer or an initial purchaser is 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 ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the acquisition and/or holding of the Notes. These class exemptions include, without limitation, PTCE 75-1 respecting specified transactions involving employee benefit plans and broker-dealers, reporting dealers and banks, 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, although there can be no assurance that all of the conditions of any such exemptions will be satisfied. In addition to the foregoing, the Pension Protection Act of 2006 provides a statutory exemption (Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code) for certain transactions between an ERISA Plan and a person that is a party in interest and/or a disqualified person (other than a fiduciary or an affiliate that (directly or indirectly) has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any ERISA Plan) solely by reason of providing services to the ERISA Plan or by relationship to a service provider, provided that the ERISA Plan pays no more and receives no less than adequate consideration in connection with the transaction. These exemptions do not, however, provide relief from the self-dealing prohibitions under ERISA and the Code. It should also be noted that even if the conditions specified in one or more of these exemptions are met, the scope of relief provided by these exemptions may not necessarily cover all acts that might be construed as prohibited transactions. Therefore, the fiduciary of a Plan that is considering acquiring and/or holding the Notes in reliance on any of these, or any other, PTCEs should carefully review the PTCE and consult with its counsel to confirm that it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Some employee benefit plans, including governmental plans, non-U.S. plans and certain church plans, while not subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Laws which may affect their investment in the Notes. Any fiduciary of a governmental, non-U.S. or such a church plan considering an investment in the Notes should consult with its counsel before purchasing Notes to consider the applicable fiduciary standards and to determine the need for, and, if necessary, the availability of, any exemptive relief under any applicable Similar Laws. Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase or holding will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or violation of any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive nor should it be construed as legal advice. 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 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.

Purchasers of the Notes have the exclusive responsibility for ensuring that their purchase and holding of the Notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. We make no representation as to whether an investment in the Notes is appropriate for any Plan in general or whether such investment is appropriate for any particular Plan or arrangement.

Representation

Accordingly, by the acquisition and/or holding of a Note, or any interest in a Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (a) such purchaser or subsequent transferee is not acquiring or holding the Notes for or on behalf of, and no portion of the assets used by such purchaser or transferee to acquire or hold the Notes, or any interest therein, constitutes assets of, any Plan or (b) (i) the acquisition, holding and subsequent disposition 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 violation under any applicable Similar Laws and (ii) none of the Transaction Parties or any other party to the transactions contemplated by this offering memorandum or any of their respective affiliates is acting as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes.

TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgments, representations to and agreements with us and the initial purchasers:

(1) You acknowledge that:

- the Notes have not been, and will not be, registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

- unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) You acknowledge that this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(3) You may be requested to represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are either:

- a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing the Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the Notes to you in reliance on Rule 144A; or

- not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.

(4) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. Accordingly, you acknowledge that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes, including an opportunity to ask questions of and request information from us.

(5) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance of

the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to us or any of our subsidiaries;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act; or

(e) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws. You will notify any subsequent purchaser, and each subsequent purchaser is required to notify any subsequent purchaser from it, of the resale restrictions set forth in the preceding sentence.

You also acknowledge that to the extent that you hold the Notes through an interest in a global note, the Resale Restriction Period (as defined below) may continue until one year after the Issuer, or any affiliate of the Issuer, was the owner of such note or an interest in such global note, and so may continue indefinitely.

(6) You also acknowledge that:

- the above restrictions on resale will apply from the issue date of the Notes offered hereby until the date that is one year (in the case of Rule 144A notes) after the later of the issue date of the Notes offered hereby, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes or 40 days (in the case of Regulation S notes) after the later of the issue date of the Notes offered hereby and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (d) and (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and

- each Note will contain a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS

ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES*: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [*IN THE CASE OF REGULATION S NOTES*: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [*IN THE CASE OF REGULATION S NOTES*: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER 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"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY 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 Notes will bear the following additional legend:

  THIS NOTE HAS BEEN ISSUED WITH “ORIGINAL ISSUE DISCOUNT” (WITHIN THE MEANING OF SECTION 1272 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). HOLDERS SHOULD CONTACT OUR AT FOR INFORMATION REGARDING: (1) THE ISSUE PRICE AND ISSUE DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE.

(7) You represent and warrant that either (a) you are not acquiring or holding the Notes for or on behalf of, and no portion of the assets used by you to acquire or hold the Notes, or any interest therein, constitutes assets of any Plan or (b)(i) the acquisition, holding and subsequent disposition of the Notes by you will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law and (ii) none of the Issuer, any initial purchaser or any of their respective affiliates, or any other party to the transactions contemplated by this offering memorandum is acting as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes.

(8) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

PLAN OF DISTRIBUTION

BofA Securities, Inc. is acting as representative (the "representative") of each of the initial purchasers named below. Subject to the terms and conditions of a purchase agreement, dated the date of this offering memorandum, by and between the Issuer and the representative, on behalf of each initial purchaser, each initial purchaser has severally and not jointly agreed to purchase from the Issuer, and the Issuer has agreed to sell to such initial purchaser, the principal amount of the Notes set forth opposite its name below.

Initial Purchasers	Principal Amount of Notes
BofA Securities, Inc.	$
Deutsche Bank Securities Inc.	
Guggenheim Securities, LLC	
BMO Capital Markets Corp.	
Barclays Capital Inc.	
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. LLC	
Total	$500,000,000

The purchase agreement provides that the obligations of the initial purchasers are subject to certain conditions precedent and that the initial purchasers are committed, severally and not jointly, to take and pay for all of the Notes, if any are taken. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated. The Issuer has agreed to indemnify the initial purchasers against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the initial purchasers may be required to make in respect thereof.

Commissions and Discounts

We have been advised by the initial purchasers that they initially propose to offer and sell the Notes at the offering price set forth on the cover page of this offering memorandum. If all of the Notes are not sold at the initial offering price, the initial purchasers may change the offering price and other selling terms without notice. The initial purchasers may offer and sell Notes through certain of their affiliates.

Notes Are Not Being Registered

The Notes have not been and will not be registered under the Securities Act or any state securities law and may not be offered or sold except as set forth above. The initial purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S under the Securities Act. The initial purchasers will not offer or sell the Notes except to persons they reasonably believe to be "qualified institutional buyers" as defined in Rule 144A, or pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase certain acknowledgments, representations, warranties and agreements as set forth under "Notice to Investors."

In connection with sales outside of the United States, the initial purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (1) as a part of the initial purchasers' distribution at any time or (2) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The initial purchasers will send to each dealer to whom they sell such Notes in reliance on Regulation S during such 40-day 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 Restricted Period referred to in “Book-Entry, Delivery and Form,” 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 or pursuant to another exemption from registration under the Securities Act.

New Issue of Notes

The Notes will be 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. We have been advised by the initial purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure you of the liquidity of the 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.

Short Positions

In connection with this offering, the initial purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of Notes than they are required to purchase in this offering. The initial purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in this offering.

Similar to other purchase transactions, the initial purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction 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 the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

No Sales of Similar Securities

We have agreed that we will not, for a period of 90 days after the date of this offering memorandum, without first obtaining the prior written consent of the representative, directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the Notes sold to the initial purchasers pursuant to the purchase agreement.

Other Relationships

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, lending, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers and their respective affiliates have, from time to time, performed, currently perform, and may in the future perform, various financial advisory and investment banking services for us, for which they have received customary compensation and may provide such services and receive customary compensation in the future. Certain of the relationships involve transactions that are material to us or our affiliates and for which the initial purchasers and/or their respective affiliates have received significant fees.

An affiliate of BofA Securities, Inc. acts as administrative agent under the Senior Secured Credit Facilities and certain of the initial purchasers and/or their affiliates act as bookrunners, arrangers, lenders and/or agents thereunder and, as a result, receive customary fees in connection therewith.

In the ordinary course of their various business activities, the initial purchasers and their respective 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 respective customers and such investment and securities activities may involve securities and/or instruments of the Issuer. The initial purchasers and their respective affiliates may also make investment recommendations 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.

If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these 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, 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.

Investment funds advised by entities affiliated with the Sponsor may purchase Notes in this offering at a purchase price per Note equal to the issue price set forth on the cover page of this offering memorandum. The purchase agreement among the Issuer and the initial purchasers will not restrict the ability of the funds and the affiliates of the Sponsor to buy or sell the Notes in the future, and as a result, these investment funds and affiliates of the Sponsor may buy or sell Notes in open market transactions, privately negotiated transactions, tender offers or otherwise at any time following the consummation of this offering.

Settlement

We expect that delivery of the Notes will be made against payment therefor on or about the date specified on the cover of this offering memorandum, which will be the   business day following the date of this offering memorandum (this settlement cycle being referred to as "T+   "). Under Rule 15c6-1 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 the Notes prior to the date that is two business days preceding the settlement date 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 notes who wish to trade the Notes during such period should consult their own advisors.

Notice to Prospective Investors in the European Economic Area and the United Kingdom

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 EEA or in the U.K. 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 MiFID II; (ii) a customer within the meaning of the Insurance Mediation 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 the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the U.K. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the U.K. 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 or in the U.K. 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.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

The above selling restriction is in addition to any other selling restrictions set our below.

Notice to Prospective Investors in the United Kingdom

This document is for distribution only to persons who (i) who 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 "Financial Promotion Order"), (ii) who are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, 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 ("FSMA")) 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 document 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.

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 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 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 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) 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 have not be offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Notes has been or may be issued or has been or may be in the possession of any person for the purposes of issue, 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 of Hong Kong (except if permitted to do so under the securities 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" as defined in the Securities and Futures Ordinance and any rules made that Ordinance.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the notes were not offered or sold or caused to be made the subject of an invitation for subscription or purchase and will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and 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 has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

is a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, or (4) as specified in Section 276(7) of the SFA.

In connection with Section 309B of the SFA and the Capital Markets Products (the ''CMP'') Regulations 2018, the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore Notice SFA 04-N12: Notice on the Sale of Investment Products and Monetary Authority of Singapore Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"). The Notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

Latham & Watkins LLP, Washington, District of Columbia, represents us in connection with this offering and will pass upon the validity of the Notes. The validity of the Notes will be passed upon for the initial purchasers by Cahill Gordon & Reindel LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated financial statements of LABL, Inc. as of December 31, 2019 and 2018, and for the twelve months ended December 31, 2019, six months ended December 31, 2018, period from February 6, 2018 to June 30, 2018 (Successor), and the period from July 1, 2017 to February 5, 2018 (Predecessor), included in this offering memorandum, have been audited by Ernst & Young LLP, independent registered public accounting firm, as stated in their report appearing herein.

The consolidated financial statements of Multi-Color Corporation as of March 31, 2019 and 2018 and for each of the three years in the period ended March 31, 2019, included in this offering memorandum, have been audited by Grant Thornton LLP, independent registered public accountants, as stated in their report appearing herein.

WHERE YOU CAN FIND MORE INFORMATION

We are not subject to the period reporting and other informational requirements of the Exchange Act. Under the terms of the Indenture, we will agree that for so long as any of the Notes remain outstanding, we will furnish to the applicable Trustee and holders of the Notes the information specified therein. In addition, we have also agreed to make available to any holder or beneficial owner of the Notes or any prospective purchasers of the Notes designated by a holder or beneficial owner of the Notes, in connection with any sale of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. You should rely only upon the information provided in this offering memorandum. We have not authorized anyone to provide you with different information. You should not assume that the information in this offering memorandum is accurate as of any date other than the date of this offering memorandum.

This offering memorandum contains summaries of certain agreements that we have entered into or will enter into in connection with the Transactions, such as the Indenture. The descriptions contained in this offering memorandum of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. You may obtain a copy of any of these documents, when available, at no cost by writing or telephoning us at the following address:

LABL Intermediate Holding Corporation
4053 Clough Woods Dr.
Batavia, Ohio 45103
(513) 381-1480

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

LABL, Inc. and Subsidiaries

Consolidated Financial Statements

Twelve Months Ended December 31, 2019

Six Months Ended December 31, 2018 (Successor), period from February 6, 2018 to June 30, 2018 (Successor), period from July 1, 2017 to February 5, 2018 (Predecessor) and Twelve Months Ended June 30, 2017 (Predecessor)

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
LABL, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LABL, Inc. and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for the twelve months ended December 31, 2019, six months ended December 31, 2018, period from February 6, 2018 to June 30, 2018 (successor), and the period from July 1, 2017 to February 5, 2018 (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material aspects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for the twelve months ended December 31, 2019, six months ended December 31, 2018, period from February 6, 2018 to June 30, 2018 (successor), and the period from July 1, 2017 to February 5, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion

Report of Other Auditors on the Twelve Months ended June 30, 2017 Financial Statements

The consolidated financial statements of LABL, Inc. and Subsidiaries (previously known as W/S Packaging Holdings, Inc.) for the year ended June 30, 2017, were audited by other auditors who expressed an unmodified opinion on those statements on September 27, 2017.

Ernst & Young LLP

Cincinnati, OH
April 10, 2020

A member firm of Ernst & Young Global Limited

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Net revenues	**$1,261,519**	$221,219	$173,858	$254,515	$427,399
Cost of revenues	**1,063,743**	176,791	145,328	209,985	355,124
Gross profit	**197,776**	44,428	28,530	44,530	72,275
Selling, general and administrative expenses	**150,394**	33,223	27,877	37,491	63,465
Facility closure expenses	**2,131**	295	1,632	210	1,057
Transaction and integration costs	**65,141**	1,468	12,249	10,710	—
Impairment loss on intangible assets	**28,000**	—	—	—	4,402
Operating (loss) income	**(47,890)**	9,442	(13,228)	(3,881)	3,351
Interest expense	**139,039**	13,193	6,997	9,812	15,335
Loss on extinguishment of debt	**34,366**	—	—	—	—
Other (income) expense, net	**(9,556)**	436	(261)	(267)	(408)
Loss before income taxes	**(211,739)**	(4,187)	(19,964)	(13,426)	(11,576)
Income tax benefit	**(54,076)**	(1,133)	(3,990)	(13,918)	(4,012)
Net (loss) income	**(157,663)**	(3,054)	(15,974)	492	(7,564)
Less: Net income (loss) attributable to noncontrolling interests	**1,179**	238	91	74	(18)
Net (loss) income attributable to LABL, Inc.	**$ (158,842)**	$ (3,292)	$ (16,065)	$ 418	$ (7,546)

See accompanying Notes to Consolidated Financial Statements.

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Net (loss) income	**$(157,663)**	$(3,054)	$(15,974)	$492	$(7,564)
Other comprehensive income (loss):					
Unrealized foreign currency translation gain (loss) (1)	**4,241**	(12)	(85)	(41)	31
Unrealized loss on derivative contracts	**(497)**	—	—	—	—
Change in minimum pension liability, net of tax (2)	**(23)**	—	—	—	—
Total other comprehensive income (loss)	**3,721**	(12)	(85)	(41)	31
Comprehensive (loss) income	**(153,942)**	(3,066)	(16,059)	451	(7,533)
Less: Comprehensive income (loss) income attributable to noncontrolling interests	**907**	238	91	(74)	18
Comprehensive (loss) income attributable to LABL, Inc.	**$(154,849)**	$(3,304)	$(16,150)	$525	$(7,551)

(1) The amount for the twelve months ended December 31, 2019 includes tax impacts of $290 related to the settlement of foreign currency denominated intercompany and external loans. There were no tax impacts for the six months ended December 31, 2018, the period from February 6, 2018 to June 30, 2018, the period from July 1, 2017 to February 5, 2018 and the twelve months ended June 30, 2017.

(2) Amount is net of tax of $8 for the twelve months ended December 31, 2019.

See accompanying Notes to Consolidated Financial Statements.

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 80,178**	$ 19,499
Accounts receivable, net of allowance for doubtful accounts of $3,724 and $190 as of December 31, 2019 and 2018, respectively	**340,510**	52,974
Other receivables	**32,344**	2,605
Inventories, net	**162,677**	35,019
Prepaid expenses	**28,978**	6,429
Other current assets	**28,649**	47
Total current assets	**673,336**	116,573
Property, plant and equipment, net	**666,067**	115,646
Goodwill	**1,097,901**	114,997
Intangible assets, net	**1,131,088**	141,091
Other non-current assets	**12,148**	706
Total assets	**$3,580,540**	$489,013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 11,763**	$ 1,063
Accounts payable	**211,917**	64,637
Accrued expenses and other liabilities	**145,639**	23,698
Total current liabilities	**369,319**	89,398
Long-term debt	**2,527,284**	254,469
Deferred income tax liabilities	**262,958**	45,695
Other liabilities	**23,792**	—
Total liabilities	**3,183,353**	389,562
Commitments and contingencies		
Stockholders' equity:		
Paid-in capital	**572,850**	117,744
Retained deficit	**(184,550)**	(19,357)
Accumulated other comprehensive income (loss)	**3,896**	(97)
Total stockholders' equity attributable to LABL, Inc.	**392,196**	98,290
Noncontrolling interests	**4,991**	1,161
Total stockholders' equity	**397,187**	99,451
Total liabilities and stockholders' equity	**$3,580,540**	$489,013

See accompanying Notes to Consolidated Financial Statements.

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except for share and per share data)

	Common Stock (1)	Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock (2)	Total Attributable to LABL, Inc.	Noncontrolling Interests	Total Stockholders' Equity
Balance at January 1, 2018 (Predecessor)	$ 96	$ 97,459	$(43,295)	$(851)	$(708)	$ 52,701	$ 823	$ 53,524
Net (loss) income	—	—	(11,906)	—	—	(11,906)	9	(11,897)
Other comprehensive income	—	—	—	14	—	14	—	14
Vesting of common stock options	—	3,116	—	—	—	3,116	—	3,116
Distributions	—	$ (11,577)	—	—	—	(11,577)	—	(11,577)
Balance at February 5, 2018 (Predecessor)	$ 96	$ 88,998	$(55,201)	$(837)	$(708)	$ 32,348	$ 832	$ 33,180
Impact of purchase accounting	(96)	(88,998)	55,201	837	708	(32,348)	(832)	(33,180)
Issuance of common stock	—	370,744	—	—	—	370,744	832	371,576
Capital contribution	—	13,006	—	—	—	13,006	—	13,006
Net (loss) income	—	—	(10,385)	—	—	(10,385)	22	(10,363)
Other comprehensive income	—	—	—	19	—	19	—	19
Balance at March 31, 2018 (Successor)	$—	$ 383,750	$(10,385)	$ 19	$ —	$ 373,384	$ 854	$ 374,238
Net (loss) income	—	—	(5,680)	—	—	(5,680)	69	(5,611)
Other comprehensive loss	—	—	—	(104)	—	(104)	—	(104)
Return of initial capital	—	(262,393)	—	—	—	(262,393)	—	(262,393)
Balance at June 30, 2018 (Successor)	$—	$ 121,357	$(16,065)	$ (85)	$ —	$ 105,207	$ 923	$ 106,130
Net (loss) income	—	—	(433)	—	—	(433)	120	(313)
Other comprehensive income	—	—	—	82	—	82	—	82
Net working capital settlement	—	(3,613)	—	—	—	(3,613)	—	(3,613)
Balance at September 30, 2018 (Successor)	$—	$ 117,744	$(16,498)	$ (3)	$ —	$ 101,243	$1,043	$ 102,286
Net (loss) income	—	—	(2,859)	—	—	(2,859)	118	(2,741)
Other comprehensive loss	—	—	—	(94)	—	(94)	—	(94)
Balance at December 31, 2018 (Successor)	$—	$ 117,744	$(19,357)	$ (97)	$ —	$ 98,290	$1,161	$ 99,451

(1) $0.01 par value, 15,000,000 shares authorized, 9,579,084 shares issued and outstanding as of January 1, 2018 and February 5, 2018 (predecessor)

(2) 100,000 shares of treasury common stock, at cost, as of January 1, 2018 and February 5, 2018 (predecessor)

	Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Attributable to LABL, Inc.	Noncontrolling Interests	Total Stockholders' Equity
Balance at January 1, 2019	$117,744	$ (19,357)	$ (97)	$ 98,290	$ 1,161	$ 99,451
Net (loss) income	—	(5,205)	—	(5,205)	173	(5,032)
Other comprehensive loss	—	—	(194)	(194)	—	(194)
Topic 606 transition adjustment	—	649	—	649	—	649
Balance at March 31, 2019	$117,744	$ (23,913)	$ (291)	$ 93,540	$ 1,334	$ 94,874
Net (loss) income	—	(8,721)	—	(8,721)	151	(8,570)
Other comprehensive loss	—	—	(2)	(2)	—	(2)
Balance at June 30, 2019	$117,744	$ (32,634)	$ (293)	$ 84,817	$ 1,485	$ 86,302
Net (loss) income	—	$(112,253)	$ —	(112,253)	321	(111,932)
Other comprehensive income (loss)	—	—	5,318	5,318	(1,624)	3,694
Multi-Color Corporation acquisition	—	—	—	—	2,923	2,923
Capital contribution	455,106	—	—	455,106	—	455,106
Balance at September 30, 2019	$572,850	$(144,887)	$ 5,025	$ 432,988	$ 3,105	$ 436,093
Net (loss) income	**—**	**(32,663)**	**—**	**(32,663)**	**534**	**(32,129)**
Other comprehensive (loss) income	**—**	**—**	**(1,129)**	**(1,129)**	**1,352**	**223**
Dividends paid to related parties	**—**	**(7,000)**	**—**	**(7,000)**	**—**	**(7,000)**
Balance at December 31, 2019	**$572,850**	**$(184,550)**	**$ 3,896**	**$ 392,196**	**$ 4,991**	**$ 397,187**

See accompanying Notes to Consolidated Financial Statements.

LABL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net (loss) income	**$ (157,663)**	$ (3,054)	$ (15,974)	$ 492	$ (7,564)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation	**55,648**	11,019	9,811	11,599	20,107
Amortization of intangible assets	**42,003**	3,387	2,822	2,083	4,787
Amortization of debt issuance costs and discounts	**8,626**	1,372	850	694	1,124
Loss on extinguishment of debt	**34,366**	—	—	—	—
Amortization of inventory step-up	**14,974**	—	—	—	—
Impairment loss on intangible assets	**28,000**	—	—	—	4,402
Net loss on disposal of property, plant and equipment	**297**	614	31	113	481
Stock-based compensation expense	**—**	—	—	3,116	—
Deferred income taxes, net	**(60,016)**	(1,442)	(4,330)	(14,169)	(2,991)
Changes in assets and liabilities, net of acquisitions:					
Accounts receivable, net	**34,259**	973	(7,452)	(1,413)	(620)
Inventories, net	**36,359**	(5,325)	2,938	(1,461)	(1,443)
Prepaid expenses and other assets	**(29,033)**	(1,604)	291	(137)	(81)
Accounts payable	**(21,135)**	7,649	22,203	(10,946)	(12,872)
Accrued expenses and other liabilities	**20,244**	(11,877)	17,424	20,524	1,297
Net cash provided by operating activities	**6,929**	1,712	28,614	10,495	6,627
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	**(35,907)**	(7,788)	(5,874)	(7,628)	(12,985)
Investment in acquisitions, net of cash acquired	**(1,667,479)**	—	(370,744)	—	—
Purchase price adjustment	**—**	3,613	—	—	—
Proceeds from sale of property, plant and equipment, net	**468**	2,416	193	111	665
Net cash used in investing activities	**(1,702,918)**	(1,759)	(376,425)	(7,517)	(12,320)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings under revolving lines of credit	**1,387**	—	—	99,200	103,800
Payments under revolving lines of credit	**(3,835)**	—	—	(96,100)	(102,700)
Borrowings of long-term debt (net of discounts)	**2,577,993**	—	260,000	—	—
Repayments of long-term debt	**(1,177,752)**	(514)	(358)	(1,671)	(2,854)
Debt issuance costs	**(88,628)**	—	(13,723)	—	(638)
Capital contributions and issuance of common stock	**455,106**	—	383,750	11,284	169
Distributions:					
Return of capital	**—**	(3,613)	(262,393)	—	—
Distributions to shareholders	**(7,000)**	—	—	(11,577)	—
Net cash provided by (used in) financing activities	**1,757,271**	(4,127)	367,276	1,136	(2,223)
Effect of foreign exchange rate changes on cash	**(603)**	(12)	(85)	(41)	—
Net increase (decrease) in cash and cash equivalents	**60,679**	(4,186)	19,380	4,073	(7,916)
Cash and cash equivalents, beginning of period	**19,499**	23,685	4,305	232	8,148
Cash and cash equivalents, end of period	**$ 80,178**	$ 19,499	$ 23,685	$ 4,305	$ 232

See accompanying Notes to Consolidated Financial Statements.
See Note 13 for supplemental cash flow disclosures.

LABL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands)

1. THE COMPANY

LABL, Inc. and subsidiaries ("LABL", "we", "us", "our" or "the Company"), headquartered near Cincinnati, Ohio, is a leading global provider of label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare, consumer durables and specialty products. LABL serves national and international brand owners in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. In addition, LABL provides other value added packaging solutions including printed cartons and other packaging products.

On February 5, 2018, WS Labels Acquisition Corporation ("Parent") acquired 100% of the outstanding stock of W/S Packaging Holdings, Inc. ("Predecessor") via a reverse triangular merger of WS Labels Merger Corporation, a wholly-owned subsidiary of Parent, with and into W/S Packaging Holdings, Inc., with W/S Packaging Holdings, Inc. ("Successor") as the surviving entity. The accompanying consolidated financial statements for W/S Packaging Holdings, Inc. and subsidiaries for all periods through February 5, 2018 are referred to as Predecessor consolidated financial statements.

Subsequent to the completion of the fiscal year ended June 30, 2018, the Company elected to change its fiscal year end from June 30th to December 31st. The change became effective at the end of the six months ended December 31, 2018. Unless otherwise noted, all references to "fiscal" in this report refer to the twelve month fiscal year, which as of and prior to June 30, 2018 ended on June 30th, and beginning after December 31, 2018 ends on December 31st of each year. Supplemental financial information as of and for the six months ended December 31, 2017, is presented for comparative purposes in Note 16 and is unaudited.

Effective as of June 3, 2019, W/S Packaging Holdings, Inc. was renamed to LABL, Inc. The accompanying consolidated financial statements for LABL for all periods subsequent to February 5, 2018 are referred to as the Successor consolidated financial statements.

On July 1, 2019, LABL's wholly-owned subsidiary, Monarch Merger Corporation, a Delaware corporation, completed a merger with Multi-Color Corporation ("MCC"), an Ohio corporation, pursuant to the terms of the Agreement and Plan of Merger, dated as of February 24, 2019. Effective July 1, 2019, MCC is a wholly-owned subsidiary of the Company. The Company has accounted for the acquisition of MCC using the acquisition method of accounting. See Note 4 for additional disclosure.

LABL owns 60% of its foreign subsidiary, W/S Packaging Mexico, S.A.de C.V. The acquisition of MCC included a 75% controlling interest in the label operations of Spearsystem Packaging (Africa) Proprietary Limited. The remaining ownership interests are presented as "non-controlling interests" in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements included herein have been prepared in conformity with United States ("U.S.") generally accepted accounting principles ("U.S. GAAP") and include the accounts of the Company and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year balances have been reclassified to conform to current year classifications.

As of December 31, 2019, the Company's operations were conducted through the Consumer Product Goods, Wine & Spirits and Food & Beverage operating segments, which are aggregated into one reportable segment in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting." The metrics used by management to assess the performance of the Company's operating segments include revenue trends, gross profit margin and operating margin. The Company's operating segments have historically had similar economic characteristics and are expected to have similar economic characteristics and long-term financial performance in future periods.

Use of Estimates in Financial Statements

In preparing consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that could affect the reported amounts of assets, liabilities, revenues and expenses for the periods presented. Actual results could differ from those estimates.

Business Combinations

The Company allocates the purchase price of its acquisitions to the assets acquired and liabilities assumed based upon their respective fair values at the acquisition date. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining these fair values. The excess of the acquisition price over the estimated fair value of the net assets acquired is recorded as goodwill. Goodwill is adjusted for any changes to acquisition date fair value amounts made within the measurement period. Acquisition-related transaction costs are recognized separately from the business combination and expensed as incurred.

The Company is required to provide additional disclosures about fair value measurements as part of the consolidated financial statements for each major category of assets and liabilities measured at fair value on a nonrecurring basis (including business acquisitions). The working capital assets and liabilities, as well as the property and equipment acquired, were valued using Level 2 inputs which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill and identifiable intangible assets were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flows (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. Management used a third-party valuation firm to assist in the determination of the preliminary purchase accounting fair values and specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firm to ensure that the transaction-specific assumptions are appropriate for the Company.

Revenue Recognition

Revenue is recognized when either services are performed or the performance obligation under the terms of a contract with a customer are satisfied. Revenue is measured as the amount of consideration we expect to receive in exchange for the performance of the service or transfer of the inventory. See Note 3 Revenue Recognition for additional disclosure.

Cost of Revenues

Cost of revenues primarily consists of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of revenues also includes inbound freight costs and costs to distribute products to customers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") primarily consist of sales and marketing costs, corporate and divisional administrative and other costs and depreciation and amortization expense related to non-manufacturing assets. Advertising costs are charged to expense as incurred and were minimal in all periods presented.

Research and Development Costs

Our product development group focuses on research and development, product commercialization and technical service support. The group includes chemical, packaging and field engineers who are responsible for developing and commercializing innovative label and application solutions. Technical service personnel also assist customers and manufacturers in improving container and label performance.

Research and development costs are charged to expense as incurred and were as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Research and development costs	**$7,906**	$1,249	$1,116	$1,589	$2,915

Cash and Cash Equivalents

The Company records all highly liquid short-term investments with maturities of three months or less as cash equivalents. Cash equivalents are classified as Level 1 within the fair value hierarchy.

Accounts Receivable and Allowance for Doubtful Accounts

Our customers are primarily major consumer product, food & beverage, wine & spirits and container companies. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. Write-offs are recorded against the allowance for doubtful accounts when all reasonable efforts for collection have been exhausted.

Inventories, Net

Inventories are stated at the lower of cost (using the first-in, first-out method) or net realizable value, and the majority is valued based on standard costs that approximate average actual costs. The remainder is valued based on average actual costs. Standard costs are revised at the beginning of each fiscal year. The impact from annually resetting standards, as well as operating variances incurred throughout the year, are allocated to inventories and recognized in cost of revenues as product is sold.

The Company adjusts inventory to its estimated net realizable value through a reserve that is an estimate of obsolete and slow-moving, primarily based on the age of the inventory.

Property, Plant and Equipment, Net

Property, plant and equipment are stated at cost, net of accumulated depreciation and include equipment under lease agreements that has been capitalized. Maintenance and repair costs are expensed as incurred.

Depreciation expense, which includes the amortization of assets recorded under capital leases, is calculated using the straight-line method over the estimated useful lives of the assets, or the remaining terms of the leases, whichever is shorter, as follows:

Buildings	20-39 years
Building improvements	15 years
Machinery and equipment	3-15 years
Computers	3-5 years
Furniture and fixtures	5-10 years

Goodwill and Other Acquired Intangible Assets

Goodwill, obtained through acquisitions of businesses, is valued at cost less any impairment. LABL completes an annual impairment test, that includes an assessment of qualitative factors including, but not limited to, macroeconomic conditions, industry and market conditions, and entity specific factors such as strategies and financial performance. We test for goodwill impairment at the reporting unit level. A reporting unit is an operating segment as defined in Topic 280 or a business one level below an operating segment if discrete financial information for that business is prepared and regularly reviewed by operating segment management. LABL has identified six reporting units for purposes of evaluating goodwill impairment. The Company evaluated impairment indicators for all reporting units and identified none. Based on the results of the annual impairment tests, LABL was not required to recognize an impairment of goodwill for the twelve months ended December 31, 2019, or any historical period presented. LABL will continue to perform impairment tests as of October 31st in future years or earlier when indicators of impairment exist.

Intangible Assets. Intangible assets with definite useful lives are amortized over periods of up to 21 years based on a number of assumptions including estimated period of economic benefit and utilization. Intangible assets are tested for impairment when events or changes in circumstances indicate that the assets' carrying values may be greater than their fair values. We test for impairment by comparing (i) estimates of undiscounted future cash flows, included in our operating plans to (ii) the carrying values of the related assets. Tests are performed over asset groups at the lowest level of identifiable cash flows.

Impairment of Long-Lived Assets

We review long-lived assets for impairment when events or changes in circumstances indicate that assets might be impaired and the related carrying amounts may not be recoverable. Changes in market conditions and/or losses of a production line could have a material impact on the consolidated statements of operations. The determination of whether impairment exists involves various estimates and assumptions, including the determination of the undiscounted cash flows estimated to be generated by the assets involved in the review. The cash flow estimates are based upon our historical experience, adjusted to reflect estimated future market and operating conditions. Measurement of an impairment loss requires a determination of fair value. We base our estimates of fair values on quoted market prices when available, independent appraisals as appropriate and industry trends or other market knowledge. Tests are performed over asset groups at the lowest level of identifiable cash flows.

Income Taxes

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Income taxes are recorded based on the current year amounts payable or refundable. Deferred income taxes are recognized at the enacted tax rates for the expected future tax consequences related to temporary differences between amounts reported for income tax purposes and financial reporting purposes as well as any tax attributes. Deferred income taxes are not provided for the undistributed earnings of subsidiaries operating outside of the U.S. that have been permanently reinvested in foreign operations.

We regularly review our deferred income tax balances for each jurisdiction to estimate whether these deferred income tax balances are more likely than not to be realized based on the information currently available. Projected future taxable income is based on forecasted results and assumptions as to the jurisdiction in which the income will be earned. The timing of reversals of any existing temporary differences is based on our methods of accounting for income taxes and current tax legislation. Unless the deferred tax balances are more likely than not to be realized, a valuation allowance is established to reduce the carrying values of any deferred tax balances until circumstances indicate that realization becomes more likely than not.

The Company establishes reserves for income tax related uncertainties based on estimates of whether it is more likely than not that the tax uncertainty would be sustained upon challenge by the appropriate tax authorities. Provisions for and changes to these reserves and any related net interest and penalties are included in income tax expense in the consolidated statements of operations. Significant judgment is required when evaluating our tax provisions and determining our provision for income taxes. We regularly review our tax positions and we adjust the reserves as circumstances change.

Fair Value Measurements

The carrying value of financial instruments, which includes certain derivative contracts, approximates fair value. All of the Company's derivative assets and liabilities are measured at fair value and are classified as Level 2 within the fair value hierarchy. The Company determines the fair values of its derivatives based on valuation models which project future cash flows and discount the future amounts to a present value using market based observable inputs including interest rate curves, foreign currency rates, futures and basis point spreads, as applicable.

The carrying value approximates fair value for cash and cash equivalents, accounts receivable and accounts payable because of the relatively short-term maturity of these instruments.

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 at the measurement date. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1—Quoted market prices in active markets for identical assets and liabilities

Level 2—Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3—Unobservable inputs

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in business combinations, goodwill, other intangible assets and long-lived assets impairment analyses, the valuation of acquired intangibles and in the valuation of assets held for sale. Impairment is also tested when events or changes in circumstances indicate that the assets' carrying values may be greater than the fair values. Goodwill and intangible assets are typically valued using Level 3 inputs. A change in those significant unobservable inputs to a different amount might result in a significantly higher or lower fair value measurement at the reporting date.

Foreign Exchange

The functional currency of each of the Company's subsidiaries is generally the currency of the country in which the subsidiary operates or the U.S. Dollar. Assets and liabilities of foreign operations are translated using period end exchange rates, and revenues and expenses are translated using average exchange rates during each period. Translation gains (losses) are reported in accumulated other comprehensive income (loss) ("AOCI") as a component of stockholders' equity. Transaction gains (losses) are reported in other (income) expense, net in the consolidated statements of operations. Translation and transaction gains (losses) were as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Translation gains (losses)	$4,241	$(12)	$(85)	$(41)	$31
Transaction gains (losses)	(333)	51	14	(25)	22

Debt Issuance Costs, Premiums and Discounts

Debt issuance costs, premiums and discounts are amortized into interest expense over the terms of the related loan agreements using the effective interest method or other methods which approximate the effective interest method. Debt issuance costs related to debt instruments other than lines of credit are presented on the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with discounts. Debt issuance costs related to lines of credit are presented as prepaid expenses and other long-term assets in the consolidated balance sheets.

Commitments and Contingencies

Certain conditions may exist as of the date of the consolidated financial statements which may result in a loss to the Company, but will only be resolved when one or more future events occur or fail to occur. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when the Company assesses that it is probable that a future liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which the Company assesses as being probable of realization, are recorded to the extent of related contingent liabilities accrued. Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. The Company records gain contingencies when realized.

Recently Adopted Accounting Pronouncements

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220)," which permits the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the "Tax Act") from AOCI to retained earnings. This new guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, and Topic 220 must be applied either at the beginning of the period of adoption or retrospectively to each period in which the effects of the Tax Act related to items remaining in AOCI are recognized. The Company adopted this update on January 1, 2019. As part of this adoption, the Company elected to not reclassify any effects due to materiality.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 makes eight targeted changes to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company's adoption of ASU 2016-15 on January 1, 2019 did not have a material impact on its consolidated statements of cash flows.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 will replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on accounts receivable and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model. In November 2019, the FASB issued ASU 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)-Effective Dates." This ASU delayed the effective date of ASU 2016-13 for private companies until fiscal years beginning after December 15, 2022, which for the Company would be January 1, 2023, with early adoption permitted. The adoption of ASU 2016-02 will be through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently evaluating the impact that ASU 2016-13 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," as amended. ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Topic 842 provides a number of optional practical expedients in transition, and we have determined to use certain of these practical expedients. The Company plans to elect the package of practical expedients permitted under Topic 842, which allows a lessee to carryforward their population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. The Company also plans to elect the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. In addition, the Company plans to elect the short-term lease recognition exemption for all leases with a term of 12 months or less, which means it will not recognize right-of-use assets or lease liabilities for these leases. The Company does not expect to elect the use-of-hindsight practical expedient.

This guidance will be adopted by the Company on January 1, 2020. In accordance with Topic 842, an entity can elect not to present comparative financial information under Topic 842 if it recognizes a cumulative-effect adjustment to retained earnings upon adoption. The Company intends to make this transition election. The Company has implemented a new lease system in connection with the adoption of Topic 842. The majority of our lease spend relates to certain real estate with the remaining lease spend primarily related to vehicles and equipment.

We expect Topic 842 to have a material impact on our consolidated balance sheet, but we do not expect a material impact on the consolidated statements of operations or consolidated statements of cash flows. The Company is substantially complete with its implementation efforts.

No other new accounting pronouncement recently issued or newly effective had or is expected to have a material impact on the consolidated financial statements.

3. REVENUE RECOGNITION

On January 1, 2019 we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. Topic 606's core principle is that an entity should recognize the revenue for transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Topic 606 defines a five-step process to recognize revenue and requires more judgment and estimates within the revenue recognition process than required under previous U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation.

We adopted Topic 606 by applying the modified retrospective method to all contracts that were not completed as of the adoption date. The aggregate effect of any modifications to those contracts was reflected in identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the price to the satisfied and unsatisfied performance obligations as of the adoption date. Accordingly, the comparative consolidated statements of operations and comparative consolidated balance sheet have not been restated.

Adjustments due to Topic 606 were as follows:

	Balance at December 31, 2018	Adjustments	Balance at January 1, 2019
Assets:			
Accounts receivable, net	$ 52,974	$ 1,654	$ 54,628
Inventories, net	35,019	(1,361)	33,658
Liabilities and Shareholders' Equity:			
Accrued expenses and other liabilities:			
Deferred revenue	$ 2,208	(541)	$ 1,667
Other	4,039	185	4,224
Retained deficit	(19,357)	649	(18,708)

Revenue is generated through the sale of products created to meet the packaging needs of our customers, culminating in a single performance obligation to produce labels with no alternate use, and revenue is recorded in an amount that reflects the net consideration that we expect to receive. Prices for our products are based on agreed upon rates with customers and do not include financing components or noncash consideration. The amount of consideration we receive and revenue we recognize is variable for certain customers and is impacted by incentives, including rebates, which are generally tied to achievement of certain sales volume levels.

We recognize revenue when obligations under the terms of a contract with our customer are satisfied, in an amount that reflects the consideration we expect to receive in exchange for the product. Depending on the terms of the agreement with the customer, we recognize revenue either at a point-in-time (at shipment or delivery depending on agreed upon terms) or over-time when the Company has an enforceable right to payment for performance obligations completed to date.

We believe the costs incurred method is the best method to recognize our over-time revenue as costs incurred are proportionate to progress achieved in satisfying our performance obligations.

The Company also has bill and hold arrangements with certain customers. For these arrangements, control over the product is transferred when the product is ready for physical transfer to the customer, as we have a present right to payment, the customer can direct the use of the product (i.e., request shipment to its facility), and legal title has passed to the customer. Revenue is recognized at the time the product is produced and we have transferred control to the customer.

Payment terms typically range from 30-90 days, based upon agreed upon terms with the customer.

Taxes assessed by a governmental authority that we collect from our customers that are both imposed on and concurrent with our revenue producing activities (such as sales tax, value-added tax, and excise taxes) are excluded from revenue. Shipping and handling costs incurred after control of the product is transferred to our customers are treated as fulfillment costs and not a separate performance obligation.

The Company records contract assets when revenue is recognized but we have not yet invoiced the customer. This occurs when costs are incurred for the production of labels for over-time customers but the associated revenues have not been billed to the customer. Contract liabilities are recorded for expected shipping and handling charges for revenue recognized from over-time customers, billings to customers for prepress items to be utilized in the fulfilment and completion of labels that have not yet been fully utilized in the production process, and arrangements where the Company has billed the customer but has not yet shipped the labels and fulfilled the performance obligation identified in the contract.

On July 1, 2019, the Company completed its acquisition of MCC. MCC's results are included in December 31, 2019 reporting but not in pre-acquisition reporting of January 1, 2019 adoption balances.

	Consolidated Balance Sheet Location	December 31, 2019	January 1, 2019
Contract assets	Other current assets	$20,160	$ 1,654
Contract liabilities	Accrued expenses and other liabilities	(3,194)	(2,208)
Net contract assets and liabilities		$16,966	$ (554)

The following tables summarizes the consolidated statement of operations for the twelve months ended December 31, 2019 and the consolidated balance sheet as of December 31, 2019 as if Topic 606 had not been adopted and the adjustment required upon adoption of Topic 606 had not been recorded.

	Twelve Months Ended December 31, 2019		
	As Reported	Impact	Previous Standards
Consolidated Statement of Operations:			
Net revenues	$1,261,519	$20,976	$1,240,543
Cost of revenues	1,063,743	17,394	1,046,349
Gross profit	197,776	3,582	194,194
Selling, general and administrative expenses	150,394	383	150,011
Operating loss	(47,890)	3,199	(51,089)
Income tax benefit	(54,076)	768	(54,844)
Net loss	(157,663)	2,431	(160,094)

	As of December 31, 2019		
	As Reported	Impact	Previous Standards
Consolidated Balance Sheet:			
Assets:			
Inventories, net	162,677	(17,468)	180,145
Other current assets	28,649	20,157	8,492
Liabilities and Stockholders' Equity:			
Accrued expenses and other liabilities	$ 145,639	$ 383	$ 145,256
Deferred income tax liabilities	262,958	(761)	263,719
Accumulated other comprehensive income	3,896	(13)	3,909
Retained deficit	(184,550)	3,080	(187,630)

The adoption of Topic 606 had no impact on the Company's consolidated statement of cash flows for the twelve months ended December 31, 2019.

The following table presents our net revenues disaggregated by region and timing of revenue recognition for the twelve months ended December 31, 2019:

	Point-in-time	Over-time
North America	$ 657,999	$ 95,145
Europe	311,803	4,140
Asia Pacific and Africa	128,454	1,639
South America	62,339	—
Total	$1,160,595	$100,924

4. ACQUISITIONS

Multi-Color Corporation Summary

On July 1, 2019, the Company completed its acquisition of MCC pursuant to the Agreement and Plan of Merger, dated February 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time). The transaction was valued at approximately $2,517,000 and included the purchase of all MCC outstanding shares, repayment of certain existing debt and issuance of new debt.

Prior to the acquisition, MCC was a leading global provider of label solutions supporting a number of the world's most prominent brands, including leading producers of home & personal care, wine & spirits, food & beverage, healthcare, consumer durables and specialty products. MCC served international brand owners in the North American, South American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels.

The Company believes that the acquisition bolsters LABL's already significant scale and end market, customer and product diversification, and that post-acquisition, LABL has become the largest pure-play label solutions provider, with the largest global market share in food & beverage, wine & spirits, and in-mold and the second largest global market share in home & personal care.

Post-acquisition, LABL has 84 manufacturing locations in 26 countries and approximately 10,000 employees as of December 31, 2019.

The results of MCC's operations were included in the Company's consolidated financial statements beginning on July 1, 2019.

The cash consideration transferred for MCC consisted of the following:

Purchase of MCC outstanding common stock	$1,026,986
Purchase of MCC options, stock units and restricted stock	5,681
Repayment of revolver and term loans	675,720
Repayment of swaps	7,711
Cash acquired	(48,619)
Preliminary purchase price, before debt acquired	1,667,479
Repayment of certain MCC debt assumed	850,000
Total cash consideration transferred	$2,517,479

Preliminary Purchase Price Allocation and Other Items

The determination of the preliminary purchase price allocation to specific assets acquired and liabilities assumed is incomplete for MCC. The preliminary purchase price allocation may change in future periods as the fair value estimates of assets and liabilities and the valuation of the related tax assets and liabilities are completed. Based on current fair value estimates, the preliminary purchase price as of July 1, 2019 for MCC has been adjusted as of December 31, 2019, by allocations to individual assets acquired and liabilities assumed as follows:

	July 1, 2019	Adjustments	December 31, 2019
Assets Acquired:			
Accounts receivable	313,953	20,928	$ 334,881
Inventories	179,263	1,566	180,829
Property, plant and equipment	573,119	(173)	572,946
Identifiable intangible assets	1,060,000	—	1,060,000
Goodwill	979,921	4,458	984,379
Other assets	52,349	3,060	55,409
Total assets acquired	3,158,605	29,839	3,188,444
Liabilities Assumed:			
Debt	926,574	—	926,574
Accounts payable	175,189	22,343	197,532
Accrued income taxes payable	9,625	—	9,625
Accrued expenses and other liabilities	99,556	4,139	103,695
Deferred tax liabilities	277,259	3,357	280,616
Total liabilities assumed	1,488,203	29,839	1,518,042
Net assets acquired	1,670,402	—	1,670,402
Noncontrolling interests	(2,923)	—	(2,923)
Net assets acquired attributable to MCC	$1,667,479	$ —	$1,667,479

The estimated fair value of identifiable intangible assets acquired and their estimated useful lives are as follows:

	Fair Value	Useful Lives
Customer relationships	$ 890,000	15 years
Trade name	155,000	21 years
Technology	15,000	4 years
Total identifiable intangible assets	$1,060,000	

Identifiable intangible assets are amortized over their useful lives based upon a number of assumptions including the estimated period of economic benefit and utilization. The weighted-average amortization period for identifiable intangible assets acquired in the MCC acquisition is 12.6 years for customer relationships, 3.1 years for trade name, 0.1 years for technology and 15.7 years in total.

The goodwill for MCC is attributable to combining MCC's global footprint with LABL's strength in North America to enable LABL to become the largest pure-play label solutions provider, with the largest global market share in food & beverage, wine & spirits, and in-mold and the second largest global market share in home & personal care. Goodwill arising from the MCC acquisition is not deductible for income tax purposes. The Company spent $41,137 in acquisition expenses related to the MCC acquisition. These expenses were recorded in transaction and integration costs in the consolidated statements of operations.

Pro Forma Information (Unaudited)

The following table provides the unaudited pro forma results of operations for the twelve months ended December 31, 2019 (Successor), six months ended December 31, 2018 (Successor), the period of February 6, 2018 to June 30, 2018 (Successor) and the period of July 1, 2017 to February 5, 2018 (Predecessor), as if MCC had been acquired as of the beginning of calendar year 2018. The following pro forma results include adjustments to reflect additional interest expense to fund the acquisition, amortization of identifiable intangible assets associated with the acquisition and effects of adjustments made to carrying values of certain assets. However, pro forma results do not include any anticipated synergies from the acquisition of MCC and accordingly, are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the dates indicated or that may result in the future.

	Successor			Predecessor
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**
Net revenues	**$2,136,034**	$1,053,136	$929,003	$1,013,973
Net loss attributable to LABL, Inc.	**(215,602)**	(20,398)	(28,403)	(37,834)

Total revenue attributable to MCC since the acquisition date included in the consolidated statement of operations for the twelve months ended December 31, 2019, is $846,110.

W/S Packaging Holdings, Inc. Summary

After the close of business on February 5, 2018, WS Labels Acquisition Corporation (“Parent”) acquired 100% of the outstanding stock of W/S Packaging Holdings, Inc. (Predecessor) via a reverse triangular merger of WS Labels Merger Corporation, a wholly-owned subsidiary of Parent, with and into W/S Packaging Holdings, Inc. (Predecessor), with W/S Packaging Holdings, Inc. as the surviving entity. Parent is indirectly controlled by certain private equity investment funds advised by Platinum Equity Advisors, LLC (“Advisors”; and such funds collectively, “Platinum”). The acquisition was accounted for using the acquisition method of accounting. Accordingly, the assets and liabilities of W/S Packaging Holdings, Inc. (Successor) have been recorded at fair value in the opening balance sheet of the Successor period. The application of purchase accounting resulted in fair value adjustments to assets acquired and liabilities assumed, including identifiable intangible assets, with the premium paid over fair value resulting in goodwill.

The Company spent $10,182 in the period from February 6, 2018 to June 30, 2018 (Successor), and $10,589 in the period from July 1, 2017 to February 5, 2018 (Predecessor) in acquisition expenses related to the W/S Packaging Holdings, Inc. acquisition. These expenses were recorded in transaction and integration costs in the consolidated statements of operations.

The final purchase price was allocated as follows:

Cash	$ 4,305
Accounts receivable	46,495
Inventories	32,632
Property, plant and equipment	124,914
Identifiable intangible assets	147,300
Goodwill	114,997
Other assets	7,648
Total assets acquired	478,291
Liabilities Assumed:	
Accounts payable	36,554
Obligations under capital leases	2,767
Accrued expenses and other liabilities	16,298
Deferred tax liabilities	51,097
Total liabilities assumed	106,716
Net assets acquired	371,575
Noncontrolling interests	(831)
Net assets acquired atttributable to W/S Packaging Holdings, Inc.	$370,744

A receivable related to a final working capital adjustment of $3,613 was paid during the six months ended December 31, 2018.

Goodwill of $114,997 was recognized in the final purchase price allocation and is attributable to the strategic premium over the fair value of the net assets acquired. The acquired identifiable intangible assets include a trademark of $28,000 with an indefinite life, customer relationships totaling $116,000 with a useful life of 19 years, and patents totaling $3,300 with a useful life ranging from 4 to 6 years. Goodwill recognized in the transaction is not deductible for tax purposes.

The Company obtained a valuation from a third-party valuation firm to estimate the fair value of inventory, property and equipment, intangibles, and lease arrangements. The Company finalized its purchase accounting and final adjustments to the purchase price allocation were made during the six month period ended December 31, 2018. This included adjustments to inventories, other assets, property, plant and equipment, and accrued expenses and other liabilities which resulted in a net increase to goodwill of $3,336.

5. INVENTORIES, NET

The Company's inventories, net consisted of the following as of:

	December 31, 2019	December 31, 2018
Finished goods	**$ 69,889**	$20,085
Work-in-process	**21,352**	3,194
Raw materials	**71,436**	11,740
Total inventories, net	**$162,677**	$35,019

Inventories are recorded net of reserves for obsolete and excess inventory of $3,890 and $950 as of December 31, 2019 and 2018, respectively.

6. PROPERTY, PLANT AND EQUIPMENT, NET

The Company's property, plant and equipment consisted of the following as of:

	December 31, 2019	December 31, 2018
Land	**$ 23,665**	$ 1,108
Buildings	**112,061**	12,717
Machinery and equipment	**539,003**	109,199
Furniture, fixtures, computer equipment and software	**32,432**	8,990
Construction in progress	**30,977**	3,906
Property, plant and equipment, gross	**738,138**	135,920
Accumulated depreciation	**(72,071)**	(20,274)
Property, plant and equipment, net	**$666,067**	$115,646

7. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the Company's goodwill consisted of the following:

Balance as of December 31, 2018	$ 114,997
Acquisition of MCC	**984,379**
Currency translation	**(1,475)**
Balance as of December 31, 2019	**$1,097,901**

The Company's intangible assets, net consisted of the following as of:

	December 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$1,006,000**	**$(41,369)**	**$ 964,631**	$116,000	$(5,598)	$110,402
Technology	**15,000**	**(1,875)**	**13,125**	—	—	—
Trademarks and trade names	**155,000**	**(3,690)**	**151,310**	28,000	—	28,000
Patents	**3,300**	**(1,278)**	**2,022**	3,300	(611)	2,689
Total	**$1,179,300**	**$(48,212)**	**$1,131,088**	$147,300	$(6,209)	$141,091

The intangible assets were established in connection with completed acquisitions. They are amortized, using the straight-line method, over their estimated useful lives based on a number of assumptions including customer attrition rates, percentage of revenue attributable to technologies, royalty rates and projected future revenue growth. The weighted-average amortization period for the intangible assets acquired in 2019 is approximately 16 years. The weighted-average amortization period for the intangible assets acquired in 2018 is approximately 19 years. The Company recorded amortization of intangible assets in selling, general and administrative expenses in the consolidated statements of operations as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Amortization of intangible assets	**$42,003**	$3,387	$2,822	$2,083	$4,787

The estimated useful lives for each intangible asset class are as follows:

Customer relationships	15 to 19 years
Technology	4 years
Trademarks and trade names	21 years
Patents	4 to 6 years

The estimated annual amortization expense for future years is as follows:

2020	$ 77,236
2021	77,236
2022	76,915
2023	75,011
2024	72,846
Thereafter	751,844
Total	$1,131,088

As a result of the Company's acquisition of MCC on July 1, 2019, the Company abandoned the use of one of its legacy trademarks and accordingly, recorded an impairment loss on intangible assets of $28,000 during the twelve months ended December 31, 2019. There was no other impairment for any period presented.

8. DEBT

The components of the Company's debt consisted of the following as of:

	December 31, 2019			December 31, 2018		
	Principal	**Unamortized Debt Issuance Costs and Discounts**	**Debt Less Unamortized Debt Issuance Costs and Discounts**	**Principal**	**Unamortized Debt Issuance Costs**	**Debt Less Unamortized Debt Issuance Costs**
10.50% Senior Notes (1)	**$ 690,000**	**$(18,260)**	**$ 671,740**	$ —	$ —	$ —
6.75% Senior Secured Notes (1)	**700,000**	**(18,985)**	**681,015**	—	—	—
Revolving Bank Line of Credit	**—**	**—**	**—**	—	—	—
9.00% Bonds (1)	**—**	**—**	**—**	260,000	(7,479)	252,521
Term Loan Credit Agreement						
Term Loan B-USD Facility (2)	**638,400**	**(26,065)**	**612,335**	—	—	—
Term Loan B-EUR Facility (3)	**560,750**	**(22,787)**	**537,963**	—	—	—
Capital leases	**34,702**	**—**	**34,702**	3,011	—	3,011
Other subsidiary debt	**1,292**	**—**	**1,292**	—	—	—
Total debt	**2,625,144**	**(86,097)**	**2,539,047**	263,011	(7,479)	255,532
Less current portion of debt	**(11,763)**	**—**	**(11,763)**	(1,063)	—	(1,063)
Total long-term debt	**$2,613,381**	**$(86,097)**	**$2,527,284**	$261,948	$(7,479)	$254,469

(1) The 10.50% Senior Notes are due on July 15, 2027. The 6.75% Senior Secured Notes are due on July 15, 2026. The 9.00% Bonds were repaid in full on July 1, 2019.

(2) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan B-USD Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on December 31, 2019 through the maturity date of July 1, 2026.

(3) The Company is not required to make mandatory principal payments on the outstanding borrowings under the Term Loan B-EUR Facility, until the maturity date of July 1, 2026.

The carrying value of debt under the Term Loan Credit Agreement approximates fair value. The fair value of the 10.50% Senior and 6.75% Senior Secured Notes is based on observable inputs, including quoted market prices (Level 2). The fair values of the 10.50% Senior Notes and 6.75% Senior Secured Notes were approximately $703,800 and $742,000, respectively, as of December 31, 2019. The fair value of the 9.00% Bonds was approximately $258,700 as of December 31, 2018.

The following is a schedule of future annual principal payments as of December 31, 2019:

	Debt	Capital Leases	Total
January 2020 - December 2020	$ 7,478	$ 4,285	$ 11,763
January 2021 - December 2021	6,529	3,827	10,356
January 2022 - December 2022	6,485	3,098	9,583
January 2023 - December 2023	6,400	3,527	9,927
January 2024 - December 2024	6,400	2,658	9,058
Thereafter	2,557,150	17,307	2,574,457
Total	$2,590,442	$34,702	$2,625,144

10.50% Senior Notes

On July 1, 2019, the Company obtained Senior Note Financing of $690,000 (the "10.50% Senior Notes"). The 10.50% Senior Notes bear interest at a fixed rate of 10.50% annually, with interest payments of $36,225 due semi-annually beginning on January 15, 2020 with the principal due upon maturity on July 15, 2027. The agreement gives the Company optional early redemptions beginning July 15, 2022. Prior to July 15, 2022, the Company may redeem some or all of the 10.50% Senior Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus the "make-whole premium" applicable to the 10.50% Senior Notes. On or after July 15, 2022, the Company may redeem all or a portion of the 10.50% Senior Notes at redemption prices plus accrued and unpaid interest. The 10.50% Senior Notes are unsecured obligations of the Company.

6.75% Senior Secured Notes

On July 1, 2019, the Company obtained Senior Secured Note Financing of $700,000 (the "6.75% Senior Secured Notes"). The 6.75% Senior Secured Notes bear interest at a fixed rate of 6.75% annually, with interest payments of $23,625 due semi-annually beginning on January 15, 2020 with the principal due upon maturity on July 15, 2026. The agreement gives the Company optional early redemptions beginning July 15, 2022. Prior to July 15, 2022, the Company may redeem some or all of the 6.75% Senior Secured Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus the "make-whole premium" applicable to the 6.75% Senior Secured Notes. On or after July 15, 2022, the Company may redeem all or a portion of the 6.75% Senior Secured Notes at redemption prices plus accrued and unpaid interest.

The 6.75% Senior Secured Notes are collateralized by substantially all of the Company's tangible assets and contain covenants related to restrictions on obtaining additional third-party debt, distributions to stockholders, conducting transactions with specific affiliates, all of which could limit the ability of the Company to pay back the loan. The agreement also contains certain circumstances where covenants will not apply if the Company achieves an investment grade rating, as defined, and no default or event of default would arise. The Company was in compliance with all covenants as of December 31, 2019.

Revolving Bank Line of Credit

On July 1, 2019, the Company entered into a revolving bank line of credit ("Revolver") totaling $300,000, which expires on July 1, 2024. The Revolver is subject to a borrowing base of eligible accounts receivable and inventories, and its annual interest rate is variable. Borrowings on the Revolver are secured by substantially all assets of the Company. Available borrowing capacity was limited by outstanding letters of credit not to exceed $50,000 and U.S., French and rest of world swing-line loans not to exceed $50,000, $5,000 and $20,000, respectively. As of December 31, 2019, there was no balance outstanding on the Revolver, and available borrowings under the Revolver were $240,107. Subsequent to December 31, 2019, the Company drew on the Revolver and had $75,000 outstanding as of April 10, 2020. The Company also has various other uncommitted lines of credit available as of December 31, 2019, in the aggregate amount of $16,578.

The Revolver is supported by a credit agreement that provides, among other matters, customary negative and affirmative covenants. The financial covenant is a springing fixed charge coverage ratio of 1.00 to 1.00, which is only applicable when line of credit availability is less than the greater of 10% of the line cap or $20,000. The Company was in compliance with all covenants as of December 31, 2019.

Prior Revolving Bank Line of Credit

As of December 31, 2018, the Company had a revolving bank line of credit ("Prior Revolver") totaling $50,000. The line of credit was subject to a borrowing base of eligible account receivables and inventories. Borrowings on the Prior Revolver were secured by substantially all assets of the Company. Available borrowing capacity was limited by outstanding letters of credit not to exceed $15,000 and swing-line loans not to exceed $10,000. As of December 31, 2018, there was no balance outstanding on the Prior Revolver, and available borrowings under the Prior Revolver were $47,300. On July 1, 2019, the credit agreement underlying the Prior Revolver was terminated.

9.00% Bonds

On March 29, 2018, the Company obtained Bond Financing of $260,000 (the "9.00% Bonds"). The 9.00% Bonds bore interest at a fixed rate of 9.00% annually, with interest payments of $11,700 due semi-annually beginning on October 15, 2018 with the principal due upon maturity on April 15, 2023. On July 1, 2019, the 9.00% Bonds were extinguished resulting in a loss of $33,212, including the breakage fee, special call provision and write-off of unamortized debt issuance costs, which were recorded in loss on extinguishment of debt in the consolidated statements of operations.

Term Loan Credit Agreement

On July 1, 2019, the Company entered into a credit agreement (the "Term Loan Credit Agreement") with various lenders, which consists of (i) a USD denominated senior secured first lien term loan B facility (the "Term Loan B-USD Facility") in an aggregate initial principal amount of $640,000 with a seven year maturity and (ii) a EUR denominated senior secured first lien term loan B facility (the "Term Loan B-EUR Facility") in an aggregate initial principal amount of approximately $560,000 with a seven year maturity. The Term Loan Credit Agreement was issued at a 1% discount of the maturity value.

The Term Loan Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The Term Loan Credit Agreement is guaranteed by substantially all of the Company's direct and indirect wholly owned domestic subsidiaries and such guarantors pledged substantially all their assets as collateral to secure the Term Loan Credit Agreement. The Term Loan Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants.

Loans under the Term Loan B-USD Facility bear interest at London Interbank Offered Rate (LIBOR) plus 4.50%. Loans under the Term Loan B-EUR Facility bear interest at Euro Interbank Offered Rate (EURIBOR) plus 5.00%.

The Term Loan Credit Agreement, the indenture governing the 10.50% Senior Notes (the “10.50% Senior Notes Indenture”) together with the indenture governing the 6.75% Senior Secured Notes (the “6.75% Senior Secured Notes Indenture”), collectively the “Indentures”, limit the Company’s ability to incur additional indebtedness. Additional covenants contained in the Term Loan Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Term Loan Credit Agreement and the Indentures, certain changes in control of the Company could result in the occurrence of an Event of Default. In addition, the Term Loan Credit Agreement limits the ability of the Company to modify terms of the Indentures. As of December 31, 2019, the Company was in compliance with the covenants in the Term Loan Credit Agreement and the Indentures.

The weighted average interest rates on the Company’s variable borrowings are as follows:

	December 31, 2019
Term Loan B-USD Facility	**6.30%**
Term Loan B-EUR Facility	**5.00%**

Debt Issuance Costs and Original Issuance Discounts

In conjunction with the issuance of the Term Loan Credit Agreement, the Company incurred $40,602 in debt issuance costs, which are being deferred and amortized over the term of the Term Loan Credit Agreement. The Company incurred $19,470 and $20,436 in debt issuance costs associated with the issuance of the 10.50% Senior Notes and 6.75% Senior Secured Notes, respectively, which are being deferred and amortized over the term of the respective debt. The debt issuance costs related to the Term Loan Credit Agreement, Senior Notes and Senior Secured Notes are recorded as a reduction in long-term debt in the consolidated balance sheet.

The Term Loan B-USD Facility and Term Loan B-EUR Facility were issued at discounts of $6,400 and approximately $5,600, respectively, which are being deferred and amortized over the term of the Term Loan Credit Agreement. The discounts are recorded as a reduction of long-term debt in the consolidated balance sheet.

The Company incurred $8,594 in debt issuance costs associated with the issuance of the Revolver, which are being deferred and amortized over the term of the Revolver, on a lender by lender basis. The debt issuance costs related to the Revolver are recorded to prepaid expenses and other non-current assets in the consolidated balance sheet.

The Company incurred $8,788 of debt issuance costs during the period from February 6, 2018 through June 30, 2018 (Successor), associated with the 9.00% Bonds. The unamortized portion of these costs was expensed on July 1, 2019 upon the extinguishment of these bonds.

The Company recorded amortization of debt issuance costs and discounts in interest expense in the consolidated statements of operations as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Amortization of debt issuance costs and discounts	**$8,626**	$1,372	$850	$694	$1,124

Capital Leases

The present value of the net minimum payments on the capitalized leases is as follows at:

	December 31, 2019	December 31, 2018
Total minimum lease payments	**$42,264**	$ 3,344
Less amount representing interest	**(7,562)**	(333)
Present value of net minimum lease payments	**34,702**	3,011
Current portion	**(4,285)**	(1,063)
Capitalized lease obligations, less current portion	**$30,417**	$ 1,948

The capitalized leases carry interest rates from 0.97% to 12.25% and mature from February 1, 2020 to August 1, 2031.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

The Company's accrued expenses and other liabilities consisted of the following:

	December 31, 2019	December 31, 2018
Accrued payroll and benefits	**$ 45,535**	$12,521
Accrued severance	**4,255**	234
Accrued income taxes	**3,233**	—
Professional fees	**3,560**	—
Accrued taxes other than income taxes	**2,329**	438
Accrued interest	**60,348**	4,930
Customer rebates	**6,683**	1,029
Lease liabilities	**2,269**	1,545
Deferred revenue	**3,194**	2,208
Other	**14,233**	793
Total accrued expenses and other liabilities	**$145,639**	$23,698

Included within accrued payroll and benefits are balances related to our defined contribution postretirement plans. The Company maintains a 401K retirement savings plan (the "Plan") for U.S. employees who meet certain service requirements. The Plan provides for voluntary contributions by eligible U.S. employees up to a specified maximum percentage of gross pay. The Company also makes contributions to various retirement savings plans for Australian employees as required by law and to other voluntary and involuntary defined contribution plans in Scotland, China, Malaysia and other subsidiaries outside the U.S. The Company recorded defined contribution expense in selling, general and administrative expenses in the consolidated statements of operations as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Defined contribution expense	**$6,544**	$1,000	$832	$1,244	$2,038

10. INCOME TAXES

Losses before income taxes were as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
U.S.	**$(184,277)**	$(4,187)	$(19,964)	$(13,426)	$(11,576)
Foreign	**(27,462)**	—	—	—	—
Total	**$(211,739)**	$(4,187)	$(19,964)	$(13,426)	$(11,576)

The income tax benefit includes the following components:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Current:					
Federal	**$ 880**	$ —	$ 44	$ (315)	$(1,271)
State and local	**(532)**	309	296	566	250
Foreign	**5,592**	—	—	—	—
Total Current	**5,940**	309	340	251	(1,021)
Deferred:					
Federal	**(40,082)**	(1,118)	(3,300)	(13,716)	(2,344)
State and local	**(5,021)**	(324)	(1,030)	(453)	(647)
Foreign	**(14,913)**	—	—	—	—
Total Deferred	**(60,016)**	(1,442)	(4,330)	(14,169)	(2,991)
Total	**$(54,076)**	$(1,133)	$(3,990)	$(13,918)	$(4,012)

The following is a reconciliation between the U.S. statutory federal income tax rate and the effective tax rate:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	Six Months Ended December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
U.S. federal statutory rate	**21.0%**	21.0%	21.0%	21.0%	34.0%
State and local income taxes, net of federal income tax benefit	**3.2%**	-2.6%	2.9%	0.4%	2.3%
Permanent differences	**1.8%**	2.9%	-3.8%	-4.3%	-1.0%
Change in U.S. tax rate	**0.0%**	0.0%	0.0%	85.9%	0.0%
Non-deductible transaction costs	**-1.0%**	9.3%	0.0%	0.0%	0.0%
Other	**0.5%**	-3.5%	-0.1%	0.7%	-0.6%
Effective tax rate	**25.5%**	27.1%	20.0%	103.7%	34.7%

The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates and implementing a territorial tax system. The Tax Act reduced the corporate federal tax rate from a maximum of 35% to a flat 21% rate, which was effective for the Company beginning January 1, 2018. The Tax Act eliminates the domestic manufacturing deduction and implements certain transitional impacts to the Company, including a one-time repatriation tax on deemed repatriation of historical earnings of foreign subsidiaries. In addition, the reduction of the U.S. corporate tax rate caused the Company to adjust the U.S. deferred tax assets and liabilities to the lower federal base rate of 21%.

The majority of the Company's earnings from foreign subsidiaries are considered permanently reinvested. The repatriation tax resulted in certain previously untaxed non-U.S. earnings being included in the U.S. federal and state 2017 taxable income. As a result of the Tax Act, the Company analyzed its global working capital requirements and the potential tax liabilities that would be incurred if certain non-U.S. subsidiaries made distributions, which include local country withholding tax and potential U.S. state taxation. At December 31, 2019, $1,313 of deferred tax was recorded for certain undistributed earnings of non-U.S. subsidiaries. Historically, no deferred taxes have been provided for any portion of the remaining undistributed earnings of the Company's subsidiaries since these earnings have been, and will continue to be, permanently reinvested in these subsidiaries. For many reasons, including the number of legal entities and jurisdictions involved, the complexity of the Company's legal entity structure, the complexity of tax laws in the relevant jurisdictions and the impact of projections of income for future years to any calculations, the Company believes it is not practicable to estimate, within any reasonable range, the amount of additional taxes which may be payable upon the distribution of earnings.

Effective January 1, 2018, the Tax Act subjects a U.S. parent to current tax on its "global intangible low-taxed income" ("GILTI"). The Company does not anticipate incurring a GILTI liability in calendar year 2019, however, to the extent that expense is incurred under the GILTI provisions, the Company will treat it as a component of income tax expense in the period incurred.

Effective January 1, 2019, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. The standard was adopted by applying the modified retrospective method and all applicable deferred tax impacts were recorded as an adjustment to retained earnings on the date of adoption.

The net deferred tax components as of December 31 consisted of the following:

	December 31, 2019	December 31, 2018
Deferred tax liabilities:		
Depreciation on property, plant and equipment	**$ (87,356)**	$(21,198)
Intangible assets	**(271,808)**	(33,844)
Other	**(5,741)**	(340)
Total deferred tax liabilities	**(364,905)**	(55,382)
Deferred tax assets:		
Allowance for doubtful accounts	**1,011**	38
Inventories	**2,658**	454
Accrued expenses and other liabilities	**14,000**	2,020
Lease obligations	**6,546**	—
R&D and other credit carryforwards	**2,338**	48
Net operating loss carryforwards	**57,218**	5,030
Nondeductible business interest carryover	**44,813**	2,168
Gross deferred tax asset	**128,584**	9,758
Valuation allowance	**(26,637)**	—
Net deferred tax asset	**101,947**	9,758
Net deferred tax liability	**$(262,958)**	$(45,624)

As of December 31, 2019, the Company had tax-effected federal net operating loss carryforwards of $15,188 of which $2,689 expire beginning 2037, with the remainder having an indefinite carry-forward period. The Company had tax-effected state operating loss carryforwards of $6,292 which will expire between 2020 and 2039 and tax-effected foreign operating loss carryforwards of $35,752 which include losses of $20,191 with no expiration date and the remainder will expire between 2020 and 2039.

As of December 31, 2019 and 2018, the Company had valuation allowances of $26,637 and $0, respectively. As of December 31, 2019 and 2018, $26,161 and $0, respectively, of the valuation allowances are related to certain deferred tax assets in foreign jurisdictions due to the uncertainty of the realization of future tax benefits from those assets. The increase in the valuation allowance during the year is primarily caused by adjustments to the opening balance sheet deferred tax balances associated with the MCC acquisition.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. At each reporting date, the Company considers both negative and positive evidence that impacts the assessment of the realization of deferred tax assets.

The benefits of tax positions are not recorded unless it is more likely than not the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized.

As of December 31, 2019 and 2018, the Company had liabilities of $5,966 and $722, respectively, recorded for unrecognized tax benefits for U.S. federal, state and foreign tax jurisdictions. During the years ended December 31, 2019 and 2018, the Company recognized an income tax benefit of $95 and income tax expense of $188, respectively, for interest and penalties in the consolidated statements of operations. The liability for the gross amount of interest and penalties at December 31, 2019 and 2018 was $1,480 and $722, respectively. The liability for unrecognized tax benefits is classified in other noncurrent liabilities on the consolidated balance sheets for the portion of the liability where payment of cash is not anticipated within one year of the consolidated balance sheet date. During the year ended December 31, 2019, the Company released $1,480 of reserves, including interest and penalties, related to uncertain tax positions for which the statutes of limitations have lapsed or there was a reduction in the tax position related to a prior year. The Company believes that it is reasonably possible that $1,262 of unrecognized tax benefits as of December 31, 2019 could be released within the next 12 months due to lapse of statute of limitations and settlements of certain foreign and domestic income tax matters. The unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate are $5,045.

A summary of the activity for the Company’s unrecognized tax benefits is as follows:

	December 31, 2019	December 31, 2018
Beginning balance	**$ 722**	$715
Impact of acquisition	**5,662**	—
Additions based on tax positions related to the current year	**790**	7
Additions of tax positions of prior years	**292**	—
Lapse of applicable statutes of limitations	**(1,480)**	—
Currency translation	**(20)**	—
Ending balance	**$ 5,966**	$722

The Company files income tax returns in the U.S., various foreign jurisdictions and various state and local jurisdictions where the statutes of limitations generally range from three to four years. At December 31, 2019, the Company is no longer subject to U.S. federal examinations by tax authorities for tax years before 2016. The Company is no longer subject to state and local examinations by tax authorities for tax years before 2015 with the exception of a Wisconsin state audit for tax years ending June 30, 2013 through June 30, 2016.

11. GEOGRAPHIC INFORMATION

The Company manufactures labels in the U.S. as well as other international regions. Net revenues, based on the geographic area from which the product is shipped and long-lived assets by geographic area are as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Net revenues:					
United States	**$ 740,853**	$218,385	$172,113	$252,247	$424,648
Belgium	**72,251**	—	—	—	—
Other International	**448,415**	2,834	1,745	2,268	2,751
Total	**$1,261,519**	$221,219	$173,858	$254,515	$427,399

	December 31, 2019	**December 31, 2018**
Long-lived assets:		
United States	**$1,383,701**	$372,103
Belgium	**356,088**	—
Other International	**1,167,415**	337
Total	**$2,907,204**	$372,440

We allocate goodwill and other intangible assets to our foreign and domestic locations. As of December 31, 2019, the allocation related to goodwill and other long-lived assets associated with the acquisition of MCC was preliminary. The final allocation will be completed upon finalization of purchase accounting during the first six months of calendar year 2020.

12. COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Company has various equipment, office and facility non-cancelable operating leases. The Company has entered into operating lease agreements with renewal and escalation clauses. Rent on operating lease agreements are recorded on a straight-line basis. Leases expire on various dates through March 2035 and some of the leases contain clauses requiring escalating rent payments. The Company recorded rent expense in the consolidated statements of operations as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Rent expense	**$15,628**	$3,682	$3,201	$4,478	$7,723

The annual future minimum rental obligations as of December 31, 2019 are as follows:

2020	$ 29,458
2021	25,122
2022	21,712
2023	12,964
2024	10,822
Thereafter	42,048
Total	$142,126

Purchase Obligations

The Company has entered into purchase agreements for various raw materials, uniforms, supplies, utilities, other services and property, plant and equipment. Total estimated purchase obligations are $27,525 as of December 31, 2019.

Litigation

The Company is subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental matters, employee matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have or have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could be of a material nature or have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

Letter of Credit

The Company has issued a letter of credit to its workers' compensation insurer totaling $2,700. This applies to both the Predecessor and Successor periods. The letter of credit is renewed annually and was effective on December 31, 2019. This letter of credit is used to secure current and future claims.

13. SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental disclosures with respect to cash flow information and non-cash operating, investing and financing activities are as follows:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**	**Twelve Months Ended June 30, 2017**
Supplemental Disclosures of Cash Flow Information:					
Interest paid	**$ 48,322**	$12,795	$ 229	$9,118	$14,211
Income taxes paid (refunded), net	**15,432**	764	(1,542)	139	(2,859)
Supplemental Disclosures of Non-Cash Activities:					
Capital expenditures incurred but not yet paid	**$ 2,471**	$ 812	$ 549	$1,324	$ 1,196
Change in derivative contract fair value—asset position	**9**	—	—	—	—
Change in derivative contract fair value—liability position	**(436)**	—	—	—	—
Business combinations accounted for as a purchase:					
Assets acquired (excluding cash)	**$ 3,188,444**	$ 3,613	$ 482,193	$ —	$ —
Liabilities assumed	**(1,518,042)**	—	(110,618)	—	—
Noncontrolling interests	**(2,923)**	—	(831)	—	—
Investment in acquistions, net of cash acquired	**$ 1,667,479**	$ 3,613	$ 370,744	$ —	$ —

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the Company's accumulated other comprehensive income (loss) by component consisted of the following:

	Foreign currency items	Gains (Losses) on derivative contracts	Defined benefit pension items	Total
Balance at December 31, 2017	$ (851)	$ —	$—	$ (851)
Impact of purchase accounting	837	—	—	837
Other comprehensive loss before reclassifications	(83)	—	—	(83)
Net current period other comprehensive income	754	—	—	754
Balance at December 31, 2018	$ (97)	$ —	$—	$ (97)
Other comprehensive income (loss) before reclassifications	**4,513**	**(6)**	**12**	**4,519**
Amounts reclassified from AOCI	**—**	**(491)**	**(35)**	**(526)**
Net current period other comprehensive income (loss)	**4,513**	**(497)**	**(23)**	**3,993**
Balance at December 31, 2019	**$4,416**	**$(497)**	**$ (23)**	**$3,896**

Reclassifications out of accumulated other comprehensive income (loss) consisted of the following:

	Successor			Predecessor	
	Twelve Months Ended December 31, 2019	July 1, 2018 to December 31, 2018	February 6, 2018 to June 30, 2018	July 1, 2017 to February 5, 2018	Twelve Months Ended June 30, 2017
Gains (losses) on designated hedges:					
Foreign exchange forward contracts in a cash flow hedge (1)	**$(491)**	$—	$—	$—	$—
Defined benefit pension items:					
Amortization of net actuarial losses (2)	**6**	—	—	—	—
Settlement (2)	**(52)**	—	—	—	—
Tax	**11**	—	—	—	—
Net of tax	**(35)**	—	—	—	—
Total reclassifications, net of tax	**$(526)**	$—	$—	$—	$—

(1) Reclassified from AOCI into cost of revenues in the consolidated statements of operations.

(2) Reclassified from AOCI into facility closure expenses in the consolidated statement of operations.

15. RELATED PARTY TRANSACTIONS

The Company receives certain corporate and advisory services from Platinum Equity Advisors, LLC ("Platinum"). Certain funds advised by Platinum indirectly control the Company. These services are provided pursuant to a corporate advisory services agreement between Platinum and the Company. The Company incurred related-party monitoring fee expenses and acquisition related fees, which are included in selling, general and administrative expenses in the consolidated statements of operations as follows:

	Successor			Predecessor
	Twelve Months Ended December 31, 2019	**Six Months Ended December 31, 2018**	**February 6, 2018 to June 30, 2018**	**July 1, 2017 to February 5, 2018**
Monitoring fee expenses	**$ 5,000**	$2,500	$2,500	$ 70
Acquistion related fees	**20,316**	—	7,205	—

There were no related-party monitoring fee expenses or acquisition related fees accrued for as of December 31, 2019 and 2018.

The Company incurred related-party financing fees of $7,593 during the twelve months ended December 31, 2019 and $7,205 from February 6, 2018 to June 30, 2018, which were capitalized as debt issuance costs. The Company paid a cash dividend of $7,000 during the three months ended December 31, 2019.

The Company sells to certain other third parties who are also owned by Platinum. These sales are immaterial to the consolidated financial statements of the Company.

16. OTHER UNAUDITED FINANCIAL INFORMATION

Subsequent to the completion of the fiscal year ended June 30, 2018, the Company elected to change its fiscal year end from June 30th to December 31st. The change became effective at the end of the period ended December 31, 2018. Accordingly, the Company is presenting unaudited financial information for the six months ended December 31, 2017 (Predecessor) for comparative purposes as follows:

Net revenues	$218,226
Cost of revenues	178,079
Gross profit	40,147
Selling, general and administrative expenses	30,259
Facility closure expenses	278
Operating income	9,610
Interest expense	8,097
Other income, net	(246)
Income before income taxes	1,759
Income tax benefit	(10,630)
Net income	12,389
Less: Net income attributable to noncontrolling interests	65
Net income attributable to LABL, Inc.	$ 12,324

Cash flow information for the six months ended December 31, 2017 is as follows:

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 12,389
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	9,794
Amortization of intangible assets	1,740
Amortization of debt issuance costs and discounts	580
Net loss on disposal of property, plant and equipment	87
Deferred income taxes, net	(10,630)
Changes in assets and liabilities, net of acquisitions:	
Accounts receivable, net	(8,180)
Inventories, net	(928)
Prepaid expenses and other assets	(152)
Accounts payable	1,159
Accrued expenses and other liabilities	(456)
Net cash provided by operating activities	5,403
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(6,643)
Proceeds from sale of property, plant and equipment, net	90
Net cash used in investing activities	(6,553)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings under revolving lines of credit	72,000
Payments under revolving lines of credit	(78,100)
Repayments of long-term debt	(1,599)
Capital contributions and issuance of stock	11,284
Net cash provided by financing activities	3,585
Net increase in cash and cash equivalents	2,435
Cash and cash equivalents, beginning of period	232
Cash and cash equivalents, end of period	$ 2,667

17. FACILITY CLOSURES

The Company recorded $2,131 in facility closure expenses in the consolidated statement of operations for the twelve months ended December 31, 2019. These costs primarily consist of severance and other termination benefits related to the closure of our manufacturing facilities in Green Bay, WI and Rochester, NY, which are being consolidated into other existing facilities. The remaining unpaid accrual of $1,341 as of December 31, 2019 is recorded in Accrued expenses and other liabilities on the consolidated balance sheet and will be substantially paid in 2020.

18. PARTICIPATION UNITS

During 2019, LABL Holding Corporation (“HoldCo”) adopted the 2019 Participation Plan (the “Plan”). The purpose of the Plan is to provide incentive compensation to key employees of the Company by granting performance units. Such incentive compensation is based upon the award of Participation Units (“Units”). The Units are valued on the date of grant by the Compensation Committee and mature over a specified period in individual grant agreements. Participants in the Plan are entitled to receive compensation for their matured Units in the event a qualifying event occurs. There are two qualifying events defined in the Plan: (1) A “qualifying sale event” in which there is a sale of some or all of the stock or assets of HoldCo, (2) A “qualifying distribution event" in which HoldCo pays a dividend to its shareholders. Upon the occurrence of a qualifying event, participants with matured Units are entitled to receive an amount equal to the difference between: (i) the value (as defined by the Plan) of the Units on the date of the qualifying event, and (ii) the value of the Units on the date of the grant. Upon termination of employment, with or without cause, all Units are forfeited, except in the case of death, as described in the Plan. The Company is accounting for the plan in accordance with ASC 505, *Share-Based Payments*. Since the occurrence of future qualifying events is not determinable or probable, no liability or expense has been recognized as of or for the twelve months ended December 31, 2019.

19. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. The Company has developed several emergency responses and infectious disease practices and policies to the extent any of the employees or critical supplies are impacted by COVID -19. The Company's operations may be adversely affected in the near term as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak is still unknown.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. It is currently unclear how or if the Company will benefit from the CARES Act, but the Company continues to examine the impacts the CARES Act may have on its business, results of operations, financial condition or liquidity.

The Company has evaluated subsequent events through April 10, 2020, which is the date the consolidated financial statements were available to be issued.

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of LABL, Inc. and Subsidiaries.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of LABL, Inc. and Subsidiaries (the Company) as of June 30, 2020, the related condensed consolidated statements of operations, comprehensive loss, and stockholders' equity for the three- and six-month periods ended June 30, 2020 and 2019, the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2020 and 2019, and the related notes (collectively, referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2019, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for the for the year then ended, and the related notes (not presented herein); and in our report dated April 10, 2020, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These condensed consolidated interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB.

We conducted our review in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB and auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Ernst + Young LLP

Ernst & Young LLP
Cincinnati, Ohio
August 24, 2020

A member firm of Ernst & Young Global Limited

LABL, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net revenues	**$504,567**	$107,462	**$1,034,478**	$212,661
Cost of revenues	**418,826**	87,179	**849,047**	172,874
Gross profit	**85,741**	20,283	**185,431**	39,787
Selling, general and administrative expenses	**39,106**	16,260	**86,130**	32,957
Facility closure expenses	**4,923**	62	**5,861**	72
Transaction, integration and restructuring costs	**6,497**	9,536	**12,998**	9,833
Operating income (loss)	**35,215**	(5,575)	**80,442**	(3,075)
Interest expense	**49,333**	6,666	**100,772**	13,383
Other (income) expense, net	**(707)**	(83)	**1,431**	(326)
Loss before income taxes	**(13,411)**	(12,158)	**(21,761)**	(16,132)
Income tax expense (benefit)	**8,933**	(3,586)	**8,219**	(2,528)
Net loss	**(22,344)**	(8,572)	**(29,980)**	(13,604)
Less: Net income attributable to noncontrolling interests	**117**	151	**531**	324
Net loss attributable to LABL, Inc.	**$ (22,461)**	$ (8,723)	**$ (30,511)**	$ (13,928)

See accompanying Notes to Condensed Consolidated Financial Statements.

LABL, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(In Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net loss	**$(22,344)**	$(8,572)	**$(29,980)**	$(13,604)
Other comprehensive income (loss):				
Unrealized foreign currency translation gain (loss) (1)	**4,569**	(2)	**(15,739)**	(196)
Unrealized (loss) gain on derivative contracts	**(242)**	—	**264**	—
Total other comprehensive income (loss)	**4,327**	(2)	**(15,475)**	(196)
Comprehensive loss	**(18,017)**	(8,574)	**(45,455)**	(13,800)
Less: Comprehensive income (loss) attributable to noncontrolling interests	**276**	151	**(1,911)**	324
Comprehensive loss attributable to LABL, Inc.	**$(18,293)**	$(8,725)	**$(43,544)**	$(14,124)

(1) The amounts for the three months ended June 30, 2020 and 2019 include tax impacts of $1,151 and $0, respectively, related to foreign currency denominated intercompany and external loans. The amounts for the six months ended June 30, 2020 and 2019 include tax impacts of $348 and $0, respectively, related to foreign currency denominated intercompany and external loans.

See accompanying Notes to Condensed Consolidated Financial Statements.

LABL, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands)

	June 30, 2020 (unaudited)	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 122,490**	$ 80,178
Accounts receivable, net of allowance for doubtful accounts of $5,381 and $3,724	**345,644**	340,510
Other receivables	**28,783**	32,344
Inventories, net	**184,925**	162,677
Prepaid expenses	**34,705**	28,978
Other current assets	**24,712**	28,649
Total current assets	**741,259**	673,336
Property, plant and equipment, net of accumulated depreciation of $122,595 and $72,071	**642,382**	666,067
Goodwill	**1,171,684**	1,097,901
Intangible assets, net	**1,004,499**	1,131,088
Operating lease assets, net	**139,520**	—
Other non-current assets	**17,389**	12,148
Total assets	**$3,716,733**	$3,580,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 11,023**	$ 11,763
Accounts payable	**214,808**	211,917
Accrued expenses and other liabilities	**163,074**	145,639
Current portion of operating lease liabilities	**23,175**	—
Total current liabilities	**412,080**	369,319
Long-term debt	**2,594,228**	2,527,284
Deferred income tax liabilities	**236,770**	262,958
Operating lease liabilites	**121,172**	—
Other liabilities	**18,751**	23,792
Total liabilities	**3,383,001**	3,183,353
Commitments and contingencies		
Stockholders' equity:		
Paid-in capital	**554,850**	572,850
Retained deficit	**(215,061)**	(184,550)
Accumulated other comprehensive (loss) income	**(9,137)**	3,896
Total stockholders' equity attributable to LABL, Inc.	**330,652**	392,196
Noncontrolling interests	**3,080**	4,991
Total stockholders' equity	**333,732**	397,187
Total liabilities and stockholders' equity	**$3,716,733**	$3,580,540

See accompanying Notes to Condensed Consolidated Financial Statements.

LABL, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In Thousands)

	Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity Attributable to LABL, Inc.	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2018	$117,744	$ (19,357)	$ (97)	$ 98,290	$ 1,161	$ 99,451
Net (loss) income	—	(5,205)	—	(5,205)	173	(5,032)
Other comprehensive loss	—	—	(194)	(194)	—	(194)
Topic 606 transition adjustment	—	649	—	649	—	649
Balance at March 31, 2019	$117,744	$ (23,913)	$ (291)	$ 93,540	$ 1,334	$ 94,874
Net (loss) income	—	(8,723)	—	(8,723)	151	(8,572)
Other comprehensive loss	—	—	(2)	(2)	—	(2)
Balance at June 30, 2019	$117,744	$ (32,636)	$ (293)	$ 84,815	$ 1,485	$ 86,300

	Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity Attributable to LABL, Inc.	Noncontrolling Interests	Total Stockholders' Equity
Balance at December 31, 2019	$572,850	$(184,550)	$ 3,896	$392,196	$ 4,991	$397,187
Net (loss) income	**—**	**(8,050)**	**—**	**(8,050)**	**414**	**(7,636)**
Other comprehensive loss	**—**	**—**	**(17,201)**	**(17,201)**	**(2,601)**	**(19,802)**
Balance at March 31, 2020	**$572,850**	**$(192,600)**	**$(13,305)**	**$366,945**	**$ 2,804**	**$369,749**
Net (loss) income	**—**	**(22,461)**	**—**	**(22,461)**	**117**	**(22,344)**
Other comprehensive income	**—**	**—**	**4,168**	**4,168**	**159**	**4,327**
Distributions to stockholders	**(18,000)**	**—**	**—**	**(18,000)**	**—**	**(18,000)**
Balance at June 30, 2020	**$554,850**	**$(215,061)**	**$ (9,137)**	**$330,652**	**$ 3,080**	**$333,732**

See accompanying Notes to Condensed Consolidated Financial Statements.

LABL, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In Thousands)

	Six Months Ended	
	June 30, 2020	June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	**$ (29,980)**	$(13,604)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**49,828**	9,998
Amortization of intangible assets	**22,636**	3,386
Amortization of debt issuance costs and discounts	**7,287**	1,372
Impairment loss on long-lived assets	**3,706**	—
Net loss on disposal of property, plant and equipment	**1,191**	64
Deferred income taxes, net	**1,129**	(2,289)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable, net	**(9,464)**	(3,481)
Inventories, net	**(27,217)**	3,920
Prepaid expenses and other assets	**(2,372)**	204
Accounts payable	**8,576**	(5,597)
Accrued expenses and other liabilities	**19,843**	9,084
Net cash provided by operating activities	**45,163**	3,057
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(33,466)**	(4,920)
Note receivable	**(6,769)**	—
Proceeds from sale of property, plant and equipment	**139**	100
Net cash used in investing activities	**(40,096)**	(4,820)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving lines of credit	**96,285**	—
Payments under revolving lines of credit	**(31,984)**	—
Repayments of long-term debt	**(5,466)**	(524)
Debt issuance costs	**(651)**	—
Payments of acquisition related deferred payments	**(1,096)**	—
Distributions to stockholders	**(18,000)**	—
Net cash provided by (used in) financing activities	**39,088**	(524)
Effect of foreign exchange rate changes on cash	**(1,843)**	(196)
Net increase (decrease) in cash and cash equivalents	**42,312**	(2,483)
Cash and cash equivalents, beginning of period	**80,178**	19,499
Cash and cash equivalents, end of period	**$122,490**	$ 17,016

See accompanying Notes to Condensed Consolidated Financial Statements.
See Note 12 for supplemental cash flow disclosures.

1. Description of Business and Significant Accounting Policies

The Company

LABL, Inc. and subsidiaries ("LABL", "we", "us", "our" or "the Company"), headquartered near Cincinnati, Ohio, is a leading global provider of label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare, consumer durables and specialty products. LABL serves national and international brand owners in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels. In addition, LABL provides other value-added packaging solutions including printed cartons and other packaging products.

On July 1, 2019, LABL's wholly-owned subsidiary, Monarch Merger Corporation, a Delaware corporation, completed a merger with Multi-Color Corporation ("MCC"), an Ohio corporation, pursuant to the terms of the Agreement and Plan of Merger, dated as of February 24, 2019. Effective July 1, 2019, MCC is a wholly-owned subsidiary of the Company. The Company has accounted for the acquisition of MCC using the acquisition method of accounting. See Note 8 for additional disclosure.

LABL owns 60% of its foreign subsidiary, W/S Packaging Mexico, S.A. de C.V. The acquisition of MCC also included a 75% controlling interest in the label operations of Spearsystem Packaging (Africa) Proprietary Limited. The remaining ownership interests are presented as "non-controlling interests" in the accompanying condensed consolidated financial statements.

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Although certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures are adequate to make the information presented not misleading. A description of the Company's significant accounting policies are included in the Company's audited consolidated financial statements as of and for the year ended December 31, 2019. See Note 2 for the Company's new lease accounting disclosures and policy effective January 1, 2020. These condensed consolidated financial statements should be read in conjunction with the December 31, 2019 audited consolidated financial statements and the notes thereto.

The information furnished in these condensed consolidated financial statements reflects all estimates and adjustments which are, in the opinion of management, necessary to present fairly the results for the interim periods reported. Results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year ended December 31, 2020.

The condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior period balances have been reclassified to conform to current year classifications.

1. Description of Business and Significant Accounting Policies (Continued)

As of June 30, 2020, the Company's operations were conducted through the Consumer Product Goods, Wine & Spirits and Food & Beverage operating segments, which are aggregated into one reportable segment in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting." The metrics used by management to assess the performance of the Company's operating segments include revenue trends, gross profit margin and operating margin. The Company's operating segments have historically had similar economic characteristics and are expected to have similar economic characteristics and long-term financial performance in future periods.

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide, and the effects of the COVID-19 pandemic and such associated measures on management's estimates and results of operations through June 30, 2020 are reflected in the condensed consolidated financial statements. Events and changes in circumstances arising after June 30, 2020, including those resulting from the ongoing impacts of the COVID-19 pandemic, will be reflected in management's estimates in future periods as necessary.

Use of Estimates in Condensed Consolidated Financial Statements

In preparing condensed consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the periods presented. Actual results could differ from those estimates.

Fair Value Measurements

The carrying value of financial instruments, which includes certain derivative contracts, is at fair value. All of the Company's derivative assets and liabilities are measured at fair value and are classified as Level 2 within the fair value hierarchy. The Company determines the fair values of its derivatives based on valuation models which project future cash flows and discount the future amounts to a present value using market based observable inputs including interest rate curves, foreign currency rates, futures and basis point spreads, as applicable.

The carrying value approximates fair value for cash and cash equivalents, accounts receivable and accounts payable because of the relatively short-term maturity of these instruments.

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 at the measurement date. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1—Quoted market prices in active markets for identical assets and liabilities

Level 2—Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3—Unobservable inputs

1. Description of Business and Significant Accounting Policies (Continued)

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in business combinations, goodwill, intangible assets and long-lived assets impairment analyses and in the valuation of assets held for sale. Impairment is also tested when events or changes in circumstances indicate that the assets' carrying values may be greater than the fair values. Goodwill and intangible assets are typically valued using Level 3 inputs. A change in those significant unobservable inputs to a different amount might result in a significantly higher or lower fair value measurement at the reporting date.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," as amended. Topic 842 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification.

We adopted Topic 842 as of January 1, 2020 using the modified retrospective method which was applied to leases that existed or were entered into on or after January 1, 2020. Results for reporting periods beginning after January 1, 2020 are presented under Topic 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting treatment. Topic 842 provides a number of optional practical expedients in transition, and we have used certain of these practical expedients. The Company elected the package of practical expedients permitted under Topic 842, which allows a lessee to carryforward their population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. Finally, the Company elected the use-of-hindsight practical expedient, which permits a lessee to use hindsight in determining the lease term and assessing impairment.

The adoption of Topic 842 resulted in recording ROU assets of $150,602 and lease liabilities of $155,441 as of January 1, 2020. The adoption of Topic 842 did not have a material impact on the condensed consolidated statements of operations or condensed consolidated statements of cash flows. See Note 2 for the Company's new lease accounting disclosures and policy effective January 1, 2020.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 will replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on accounts receivable and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model. In November 2019, the FASB issued ASU 2019-10, "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)-Effective Dates." ASU 2019-10 delayed the effective date of ASU 2016-13 for private companies until fiscal years beginning after December 15, 2022, which for the Company would be January 1, 2023, with early adoption permitted. We adopted Topic 326 as of January 1, 2020. The adoption did not have a material impact on the Company's condensed consolidated financial statements.

1. Description of Business and Significant Accounting Policies (Continued)

New Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 is part of the FASB's overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. ASU 2019-12 removes certain exceptions to the general principles of ASC 740, "Income Taxes" in order to reduce the cost and complexity of its application in the areas of intraperiod tax allocation, deferred tax liabilities related to outside basis differences, year-to-date losses in interim periods and other areas within ASC 740. ASU 2019-12 is effective for non-public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, which for the Company would be January 1, 2022. Early adoption is permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

No other new accounting pronouncement recently issued or newly effective had or is expected to have a material impact on the condensed consolidated financial statements.

2. Leases

Our leasing activity is primarily related to buildings used for manufacturing, warehousing, and administrative activities and machinery used for manufacturing. We determine if an arrangement is a lease at inception. Leases are classified as operating or finance leases at the commencement date of the lease. Many of our lease agreements contain renewal options; however, we do not recognize ROU assets or lease liabilities for renewal periods unless it is determined that we are reasonably certain of renewing the lease at inception or when a triggering event occurs. Some of our lease agreements contain rent escalation clauses, free-rent periods, or other lease concessions that factored into the calculation of lease payments to the extent they are fixed and determinable at lease inception. Variable lease costs represent amounts that are not fixed in nature and are not tied to an index or rate and are recognized as incurred. Our variable lease costs are not material to the condensed consolidated financial statements.

In determining our ROU assets and lease liabilities, we apply discount rates to the minimum lease payments within each lease agreement. When we cannot readily determine the discount rates implicit in the lease agreement, we utilize our fully collateralized incremental borrowing rates. To estimate our specific incremental borrowing rates, we consider, among other factors, interest rates on our existing credit facilities, risk-free rates, and the terms of the leases.

The Company also elected the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. In addition, the Company elected the short-term lease recognition exemption for all leases with a term of 12 months or less, therefore, we did not recognize ROU assets or lease liabilities for these leases.

(In Thousands)

2. Leases (Continued)

The components of lease expense were as follows:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Operating lease cost	**$8,431**	**$15,998**
Short term and variable lease expense	**395**	**1,644**
Finance lease cost:		
Amortization of right-of-use assets	**593**	**1,221**
Interest on lease liability	**414**	**760**
Total finance lease cost	**1,007**	**1,981**
Total lease cost	**$9,833**	**$19,623**

Supplemental condensed consolidated balance sheet information related to leases was as follows:

	June 30, 2020
Operating leases	
Assets:	
Operating lease assets (ROU) - net	**$139,520**
Liabilities:	
Operating lease liabilities - current	**$ 23,175**
Operating lease liabilities - long-term	**121,172**
Total operating lease liabilities	$144,347
Finance leases	
Assets:	
Property, plant and equipment, net	**$ 31,114**
Liabilities:	
Current portion of long-term debt	**$ 4,382**
Long-term debt	**28,154**
Total finance lease liabilities	$ 32,536

	Weighted-average remaining lease term	Weighted-average discount rate
Operating leases	**7.66 years**	**4.71%**
Finance leases	**6.84 years**	**4.39%**

(In Thousands)

2. Leases (Continued)

As of June 30, 2020, annual maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
July 2020 - June 2021	**$ 30,265**	**$ 5,722**
July 2021 - June 2022	**27,594**	**4,287**
July 2022 - June 2023	**24,801**	**4,915**
July 2023 - June 2024	**19,654**	**3,604**
July 2024 - June 2025	**16,076**	**3,258**
Thereafter	**60,174**	**17,310**
Total minimum lease payments	**178,564**	**39,096**
Less imputed interest	**(34,217)**	**(6,560)**
Total lease liabilities	**$144,347**	**$32,536**

See Note 12 for supplemental cash flow disclosures.

3. Revenue Recognition

The Company records contract assets when revenue is recognized but we have not yet invoiced the customer. This occurs when costs are incurred for the production of labels for over-time customers but the associated revenues have not been billed to the customer. Contract liabilities are recorded for expected costs to complete transactions for revenue recognized from over-time customers and arrangements where the Company has billed the customer but has not yet shipped the labels and fulfilled the performance obligation identified in the contract.

	Condensed Consolidated Balance Sheet Location	June 30, 2020	December 31, 2019
Contract assets	Other current assets	**$19,511**	$20,160
Contract liabilities	Accrued expenses and other liabilities	**(4,157)**	(3,194)
Net contract assets and liabilities		**$15,354**	$16,966

The following table presents our net revenues disaggregated by region and timing of revenue recognition.

	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019	
	Point-in-time	Over-time	Point-in-time	Over-time
North America	**$235,945**	**$55,583**	$107,152	$310
Europe	**154,800**	**5,039**	—	—
Asia Pacific and Africa	**46,531**	**743**	—	—
South America	**5,926**	**—**	—	—
Total	**$443,202**	**$61,365**	$107,152	$310

(In Thousands)

3. Revenue Recognition (Continued)

	Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	Point-in-time	Over-time	Point-in-time	Over-time
North America	**$478,594**	**$114,148**	$210,275	$2,386
Europe	**316,960**	**10,432**	—	—
Asia Pacific and Africa	**101,812**	**1,422**	—	—
South America	**11,110**	**—**	—	—
Total	**$908,476**	**$126,002**	$210,275	$2,386

4. Inventories, Net

The Company's inventories, net consisted of the following as of:

	June 30, 2020	December 31, 2019
Finished goods	**$ 75,554**	$ 69,889
Work-in-process	**22,420**	21,352
Raw materials	**86,951**	71,436
Total inventories, net	**$184,925**	$162,677

Inventories are recorded net of reserves for obsolete and excess inventory of $10,069 and $3,890 as of June 30, 2020 and December 31, 2019, respectively.

(In Thousands)

5. Debt

The components of the Company's debt consisted of the following as of:

	June 30, 2020			December 31, 2019		
	Principal	**Unamortized Debt Issuance Costs and Discounts**	**Debt Less Unamortized Debt Issuance Costs and Discounts**	**Principal**	**Unamortized Debt Issuance Costs and Discounts**	**Debt Less Unamortized Debt Issuance Costs and Discounts**
10.50% Senior Notes (1)	**$ 690,000**	**$(17,049)**	**$ 672,951**	$ 690,000	$(18,260)	$ 671,740
6.75% Senior Secured Notes (1)	**700,000**	**(17,534)**	**682,466**	700,000	(18,985)	681,015
Revolving Bank Line of Credit	**65,000**	**—**	**65,000**	—	—	—
Term Loan Credit Agreement						
Term Loan B-USD Facility (2)	**635,200**	**(24,060)**	**611,140**	638,400	(26,065)	612,335
Term Loan B-EUR Facility (3)	**561,800**	**(21,043)**	**540,757**	560,750	(22,787)	537,963
Finance leases	**32,536**	**—**	**32,536**	34,702	—	34,702
Other subsidiary debt	**401**	**—**	**401**	1,292	—	1,292
Total debt	**2,684,937**	**(79,686)**	**2,605,251**	2,625,144	(86,097)	2,539,047
Less current portion of long-term debt	**(11,023)**	**—**	**(11,023)**	(11,763)	—	(11,763)
Total long-term debt	**$ 2,673,914**	**$(79,686)**	**$2,594,228**	$2,613,381	$(86,097)	$2,527,284

(1) The 10.50% Senior Notes are due on July 15, 2027. The 6.75% Senior Secured Notes are due on July 15, 2026.

(2) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan B-USD Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on December 31, 2019 through the maturity date of July 1, 2026.

(3) The Company is not required to make mandatory principal payments on the outstanding borrowings under the Term Loan B-EUR Facility, until the maturity date of July 1, 2026.

The fair value of the 10.50% Senior and 6.75% Senior Secured Notes is based on observable inputs, including quoted market prices (Level 2). The fair value of the 10.50% Senior Notes was approximately $727,950 and $703,800 as of June 30, 2020 and December 31, 2019, respectively. The fair value of the 6.75% Senior Secured Notes was approximately $724,500 and $742,000 as of June 30, 2020 and December 31, 2019, respectively. The carrying value of debt under the Revolving Bank Line of Credit and the Term Loan Credit Agreement approximates fair value due to such borrowings bearing variable interest rates.

(In Thousands)

5. Debt (Continued)

The following is a schedule of future annual principal payments as of June 30, 2020, excluding those related to finance lease obligations:

	Debt
July 2020 - June 2021 . . .	$ 6,641
July 2021 - June 2022 . . .	6,560
July 2022 - June 2023 . . .	6,400
July 2023 - June 2024 . . .	6,400
July 2024 - June 2025 . . .	71,400
Thereafter	2,555,000
Total	$2,652,401

10.50% Senior Notes

On July 1, 2019, the Company obtained Senior Note Financing of $690,000 (the "10.50% Senior Notes"). The 10.50% Senior Notes bear interest at a fixed rate of 10.50% annually, with interest payments of $36,225 due semi-annually beginning on January 15, 2020 with the principal due upon maturity on July 15, 2027. The agreement gives the Company optional early redemptions beginning July 15, 2022. Prior to July 15, 2022, the Company may redeem some or all of the 10.50% Senior Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus the "make-whole premium" applicable to the 10.50% Senior Notes. On or after July 15, 2022, the Company may redeem all or a portion of the 10.50% Senior Notes at redemption prices plus accrued and unpaid interest. The 10.50% Senior Notes are unsecured obligations of the Company.

6.75% Senior Secured Notes

On July 1, 2019, the Company obtained Senior Secured Note Financing of $700,000 (the "6.75% Senior Secured Notes"). The 6.75% Senior Secured Notes bear interest at a fixed rate of 6.75% annually, with interest payments of $23,625 due semi-annually beginning on January 15, 2020 with the principal due upon maturity on July 15, 2026. The agreement gives the Company optional early redemptions beginning July 15, 2022. Prior to July 15, 2022, the Company may redeem some or all of the 6.75% Senior Secured Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, plus the "make-whole premium" applicable to the 6.75% Senior Secured Notes. On or after July 15, 2022, the Company may redeem all or a portion of the 6.75% Senior Secured Notes at redemption prices plus accrued and unpaid interest.

The 6.75% Senior Secured Notes are collateralized by substantially all of the Company's tangible assets and contain covenants related to restrictions on obtaining additional third-party debt, distributions to stockholders, conducting transactions with specific affiliates, all of which could limit the ability of the Company to pay back the loan. The agreement also contains certain circumstances where covenants will not apply if the Company achieves an investment grade rating, as defined, and no default or event of default would arise. The Company was in compliance with all covenants as of June 30, 2020.

5. Debt (Continued)

Revolving Bank Line of Credit

On July 1, 2019, the Company entered into a revolving bank line of credit ("Revolver") totaling $300,000, which expires on July 1, 2024. The Revolver is subject to a borrowing base of eligible accounts receivable and inventories, and its annual interest rate is variable. Borrowings on the Revolver are secured by substantially all assets of the Company. Available borrowing capacity is limited by outstanding letters of credit not to exceed $50,000 and U.S., French and rest of world swing-line loans not to exceed $50,000, $5,000 and $20,000, respectively. As of June 30, 2020, there is a balance outstanding on the Revolver of $65,000 and available borrowings under the Revolver were $220,783. The Company also has various other uncommitted lines of credit available as of June 30, 2020, in the aggregate amount of $16,975.

The Revolver is supported by a credit agreement that provides, among other matters, customary negative and affirmative covenants. The financial covenant is a springing fixed charge coverage ratio of 1.00 to 1.00, which is only applicable when line of credit availability is less than the greater of 10% of the line cap or $20,000. The Company was in compliance with all covenants as of June 30, 2020.

Term Loan Credit Agreement

On July 1, 2019, the Company entered into a credit agreement (the "Term Loan Credit Agreement") with various lenders, which consists of (i) a USD denominated senior secured first lien term loan B facility (the "Term Loan B-USD Facility") in an aggregate initial principal amount of $640,000 with a seven year maturity and (ii) a EUR denominated senior secured first lien term loan B facility (the "Term Loan B-EUR Facility") in an aggregate initial principal amount of approximately $560,000 with a seven year maturity. The Term Loan Credit Agreement was issued at a 1% discount of the maturity value.

The Term Loan Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The Term Loan Credit Agreement is guaranteed by substantially all of the Company's direct and indirect wholly owned domestic subsidiaries and such guarantors pledged substantially all their assets as collateral to secure the Term Loan Credit Agreement. The Term Loan Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants.

Loans under the Term Loan B-USD Facility bear interest at London Interbank Offered Rate (LIBOR) plus 4.50%. Loans under the Term Loan B-EUR Facility bear interest at Euro Interbank Offered Rate (EURIBOR) plus 5.00%.

The Term Loan Credit Agreement, the indenture governing the 10.50% Senior Notes (the "10.50% Senior Notes Indenture") together with the indenture governing the 6.75% Senior Secured Notes (the "6.75% Senior Secured Notes Indenture"), collectively the "Indentures", limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Term Loan Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Term Loan Credit Agreement and the Indentures, certain changes in control of the Company could result in the occurrence of an Event of Default. In

(In Thousands)

5. Debt (Continued)

addition, the Term Loan Credit Agreement limits the ability of the Company to modify terms of the Indentures. As of June 30, 2020, the Company was in compliance with the covenants in the Term Loan Credit Agreement and the Indentures.

The weighted average interest rates on the Company's variable borrowings are as follows:

	June 30, 2020	December 31, 2019
Revolving Bank Line of Credit	**1.44%**	—
Term Loan B-USD Facility	**4.68%**	6.30%
Term Loan B-EUR Facility	**5.00%**	5.00%

Debt Issuance Costs and Original Issuance Discounts

In conjunction with the issuance of the Term Loan Credit Agreement, the Company incurred $40,602 in debt issuance costs, which are being deferred and amortized over the term of the Term Loan Credit Agreement. The Company incurred $19,470 and $20,436 in debt issuance costs associated with the issuance of the 10.50% Senior Notes and 6.75% Senior Secured Notes, respectively, which are being deferred and amortized over the term of the respective debt. The debt issuance costs related to the Term Loan Credit Agreement, 10.50% Senior Notes and 6.75% Senior Secured Notes are recorded as a reduction in long-term debt in the condensed consolidated balance sheets.

The Term Loan B-USD Facility and Term Loan B-EUR Facility were issued at discounts of $6,400 and $5,600, respectively, which are being deferred and amortized over the term of the Term Loan Credit Agreement. The discounts are recorded as a reduction of long-term debt in the condensed consolidated balance sheets. Remaining Term Loan B-USD Facility discounts to be amortized were $5,486 and $5,943 as of June 30, 2020 and December 31, 2019, respectively. Remaining Term Loan B-EUR Facility discounts to be amortized were $4,815 and $5,207 as of June 30, 2020 and December 31, 2019, respectively.

The Company incurred $8,831 in debt issuance costs associated with the issuance of the Revolver, which are being deferred and amortized over the term of the Revolver, on a lender by lender basis. The debt issuance costs related to the Revolver are recorded to prepaid expenses and other non-current assets in the condensed consolidated balance sheets. Remaining debt issuance costs to be amortized were $7,117 and $7,755 as of June 30, 2020 and December 31, 2019, respectively.

The Company recorded amortization of debt issuance costs and discounts in interest expense in the condensed consolidated statements of operations as follows:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Amortization of debt issuance costs and discounts	**$3,647**	$686	**$7,287**	$1,372

6. Income Taxes

The Company's expense/(benefit) from income taxes was $8,933 and $(3,586) for the three months ended June 30, 2020 and 2019, respectively. The effective tax rate was (66.6)% and 29.5% for the three months ended June 30, 2020 and 2019, respectively. The Company's expense/(benefit) from income taxes was $8,219 and $(2,528) for the six months ended June 30, 2020 and 2019, respectively. The effective tax rate was (37.8)% and 15.7% for the six months ended June 30, 2020 and 2019, respectively.

For the three and six months ended June 30, 2020, the difference between the effective tax rate and the federal statutory tax rate relates to (i) exclusion of losses from jurisdictions in which no tax benefit is expected to be recognized, (ii) a valuation allowance recorded related to the limitation on the deductibility of interest, (iii) foreign-derived intangible income (FDII) deduction and (iv) state taxes. For the six months ended June 30, 2020, a benefit related to the net operating loss carryback allowable under the CARES Act, discussed below, was recorded.

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of employer social security tax payments, allows corporations with net operating losses generated in 2018, 2019 and 2020 to elect to carryback those losses for a period of five years and relaxes the limitation for business interest deductions from 30% to 50% for 2019 and 2020. The Company plans to carryback the net operating losses generated during the full fiscal year December 31, 2019. As a result of the carryback, the Company recorded benefits of $5,082 for the six months ending June 30, 2020. The income taxes to be recovered as a result of the anticipated carryback will be at a federal tax rate of 35.0%, rather than the current federal statutory tax rate of 21.0%. Additionally, the valuation allowance recorded related to the limitation on the deductibility of interest was less due to the increase in the limitation from 30% to 50%. Lastly, the Company is still evaluating other impacts of the CARES Act.

The Company files income tax returns in the U.S. federal jurisdiction, various foreign jurisdictions, and various state and local jurisdictions where the statutes of limitations generally range from three to five years. As of June 30, 2020, the Company is no longer subject to U.S. federal examinations by tax authorities for years before fiscal 2016. The Company is no longer subject to state and local examinations by tax authorities for years before fiscal 2015. In foreign jurisdictions, generally the Company is no longer subject to examinations by tax authorities for years before fiscal 2015.

The benefits of tax positions are not recorded unless it is more likely than not that the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized.

As of June 30, 2020 and December 31, 2019, the Company had unrecognized tax benefits of $9,552 and $5,966, respectively, recorded for U.S. federal, state and foreign tax jurisdictions, including $2,234 and $1,480 of interest and penalties, respectively. During the three months ended June 30, 2020 and 2019, the Company recognized $376 and $10 respectively, of interest and penalties in income tax expense. During the six months ended June 30, 2020 and 2019, the Company recognized $529 and $1 respectively, of interest and penalties in income tax expense. The Company believes that it is reasonably possible that $1,521 of unrecognized tax benefits as of June 30, 2020 could be released within the next 12 months due to the lapse of statute of limitations and settlements of certain foreign and domestic income tax matters. The unrecognized tax benefits that, if recognized, would impact the effective tax rate are $8,281.

(In Thousands)

6. Income Taxes (Continued)

During July 2020, the U.S. Department of the Treasury and the Internal Revenue Service released final and proposed regulations under the Global Intangible Low-Taxed Income (GILTI) and 163(j) Business Interest Expense Limitation. The Company is analyzing these elective regulations. The potential impact on the condensed consolidated financial statements, if any, will be included in subsequent periods.

7. Accrued Expenses and Other Liabilities

The Company's accrued expenses and other liabilities consisted of the following as of:

	June 30, 2020	December 31, 2019
Accrued payroll and benefits	**$ 56,926**	$ 45,535
Accrued severance	**2,680**	4,255
Accrued income taxes	**4,398**	3,233
Professional fees	**1,152**	3,560
Accrued taxes other than income taxes	**2,652**	2,329
Accrued interest	**55,619**	60,348
Customer rebates	**6,003**	6,683
Contract liabilities	**4,157**	3,194
Other	**29,487**	16,502
Total accrued expenses and other liabilities	**$163,074**	$145,639

8. Acquisitions

Multi -Color Corporation Summary

On July 1, 2019, the Company completed its acquisition of MCC pursuant to the Agreement and Plan of Merger dated February 24, 2019 (as amended, restated, supplemented or otherwise modified from time to time). The transaction was valued at approximately $2,517,000 and included the purchase of all MCC outstanding shares, repayment of certain existing debt and issuance of new debt.

Prior to the acquisition, MCC was a leading global provider of label solutions supporting a number of the world's most prominent brands, including leading producers of home & personal care, wine & spirits, food & beverage, healthcare, consumer durables and specialty products. MCC served international brand owners in the North American, South American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels.

The Company believes that the acquisition bolsters LABL's already significant scale and end market, customer and product diversification, and that post-acquisition, LABL has become the largest pure-play label solutions provider, with the largest global market share in food & beverage, wine & spirits, and in-mold and the second largest global market share in home & personal care.

Post-acquisition, LABL has over 80 manufacturing locations in 26 countries and approximately 10,000 employees.

(In Thousands)

8. Acquisitions (Continued)

The results of MCC's operations were included in the Company's condensed consolidated financial statements beginning on July 1, 2019.

The cash consideration transferred for MCC consisted of the following:

Purchase of MCC outstanding common stock	$1,026,986
Purchase of MCC options, stock units and restricted stock	5,681
Repayment of revolver and term loans	675,720
Repayment of swaps	7,711
Cash acquired	(48,619)
Purchase price, before debt acquired	1,667,479
Repayment of certain MCC debt assumed	850,000
Total cash consideration transferred	$2,517,479

Purchase Price Allocation and Other Items

The determination of the purchase price allocation to specific assets acquired and liabilities assumed for MCC was completed during the quarter ended June 30, 2020. Based on fair value determinations, the purchase price as of July 1, 2019 for MCC has been adjusted as of June 30, 2020, by allocations to individual assets acquired and liabilities assumed as follows:

	July 1, 2019	Adjustments	June 30, 2020
Assets Acquired:			
Accounts receivable	$ 313,953	$ 20,353	$ 334,306
Inventories	179,263	1,587	180,850
Property, plant and equipment	573,119	12,464	585,583
Identifiable intangible assets	1,060,000	(85,000)	975,000
Goodwill	979,921	54,044	1,033,965
Other assets	52,349	(2,649)	49,700
Total assets acquired	3,158,605	799	3,159,404
Liabilities Assumed:			
Debt	926,574	—	926,574
Accounts payable	175,189	21,677	196,866
Accrued income taxes payable	9,625	(3,137)	6,488
Accrued expenses and other liabilities	99,556	7,622	107,178
Deferred tax liabilities	277,259	(25,363)	251,896
Total liabilities assumed	1,488,203	799	1,489,002
Net assets acquired	1,670,402	—	1,670,402
Noncontrolling interests	(2,923)	—	(2,923)
Net assets acquired attributable to MCC	$1,667,479	$ —	$1,667,479

(In Thousands)

8. Acquisitions (Continued)

During the six months ended June 30, 2020, goodwill increased by $49,586 as a result of measurement period adjustments, which primarily consisted of a $85,000 decrease in the valuation of identifiable intangible assets, a $12,637 increase in the valuation of property, plant and equipment and a $28,720 decrease in the valuation of the related deferred tax liabilities.

During the six months ended June 30, 2020, a $6,966 reduction of amortization expense was recognized to reflect the effect of these purchase accounting adjustments as of the MCC acquisition date of July 1, 2019. We would have recognized a reduction in amortization of $3,483 and $3,483 in the third and fourth quarter of 2019, respectively, if the adjustments to provisional amounts were recognized as of the acquisition date.

During the three months ended June 30, 2020, an increase in depreciation expense of $5,190 was recognized to reflect the effect of these purchase accounting adjustments as of the MCC acquisition date of July 1, 2019. We would have recognized additional depreciation of $1,552, $1,672 and $1,966 in the third quarter of 2019, fourth quarter of 2019 and first quarter of 2020, respectively, if the adjustments to provisional amounts were recognized as of the acquisition date.

The fair value of identifiable intangible assets acquired and their estimated useful lives are as follows:

	Fair Value	Useful Lives
Customer relationships	$785,000	17 years
Trade name	175,000	22-26 years
Technology	15,000	4.5 years
Total identifiable intangible assets	$975,000	

Identifiable intangible assets are amortized over their useful lives based upon a number of assumptions including the estimated period of economic benefit and utilization. The weighted-average amortization period for all identifiable intangible assets is 18.3 years in total.

The goodwill for MCC is attributable to combining MCC's global footprint with LABL's strength in North America to enable LABL to become the largest pure-play label solutions provider, with the largest global market share in food & beverage, wine & spirits, and in-mold and the second largest global market share in home & personal care. Goodwill arising from the MCC acquisition is not deductible for income tax purposes. The Company spent $41,137 in acquisition expenses related to the MCC acquisition. These expenses were recorded in transaction, integration and restructuring costs in the condensed consolidated statements of operation as follows: $9,365 in the second quarter of 2019, $31,547 in the third quarter of 2019 and $225 in the fourth quarter of 2019.

Pro Forma Information (Unaudited)

The following table provides the unaudited pro forma results of operations for the three and six months ended June 30, 2019 as if MCC had been acquired as of the beginning of calendar year 2018. The following pro forma results include adjustments to reflect additional interest expense to fund the acquisition, amortization of identifiable intangible assets associated with the acquisition and effects of adjustments made to carrying values

(In Thousands)

8. Acquisitions (Continued)

of certain assets. However, pro forma results do not include any anticipated synergies from the acquisition of MCC and accordingly, are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the dates indicated or that may result in the future.

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Net revenues	$544,471	$1,087,176
Net loss attributable to LABL, Inc.	(8,782)	(116,275)

9. Accumulated Other Comprehensive (Loss) Income

The changes in the Company's accumulated other comprehensive (loss) income by component consisted of the following as of:

	Foreign currency items	Gains (Losses) on derivative contracts	Defined benefit pension items	Total
Balance as of December 31, 2018	$ (97)	$—	$—	$ (97)
Other comprehensive loss before reclassifications	(196)	—	—	(196)
Net current period other comprehensive loss	(196)	—	—	(196)
Balance as of June 30, 2019	$(293)	$—	$—	$(293)

	Foreign currency items	Gains (Losses) on derivative contracts	Defined benefit pension items	Total
Balance as of December 31, 2019	$ 4,416	$(497)	$ (23)	$ 3,896
Other comprehensive (loss) income before reclassifications	**(13,297)**	**175**	**—**	**(13,122)**
Amounts reclassified from other comprehensive (loss) income	**—**	**89**	**—**	**89**
Net current period other comprehensive (loss) income	**(13,297)**	**264**	**—**	**(13,033)**
Balance as of June 30, 2020	**$ (8,881)**	**$(233)**	**$ (23)**	**$(9,137)**

Reclassifications from other comprehensive loss consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gains on designated hedges:				
Foreign exchange forward contracts in a cash flow hedge (1)	**$22**	**$—**	**$89**	**$—**
Total reclassifications	**$22**	$—	**$89**	$—

(1) Reclassified from other comprehensive loss into cost of revenues in the condensed consolidated statements of operations.

(In Thousands)

10. Goodwill and Intangible Assets, Net

The changes in the Company's goodwill consisted of the following:

Balance as of December 31, 2019	$1,097,901
Adjustments to prior year acquisitions	**49,586**
Currency translation	**24,197**
Balance as of June 30, 2020	**$1,171,684**

The Company's intangible assets, net consisted of the following as of:

	June 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$ 886,965**	**$(60,144)**	**$ 826,821**	$ 1,006,000	$(41,369)	$ 964,631
Technology	**14,828**	**(3,295)**	**11,533**	15,000	(1,875)	13,125
Trademarks and trade names	**171,258**	**(6,802)**	**164,456**	155,000	(3,690)	151,310
Patents	**3,300**	**(1,611)**	**1,689**	3,300	(1,278)	2,022
Total	**$1,076,351**	**$(71,852)**	**$1,004,499**	$ 1,179,300	$(48,212)	$1,131,088

The Company recorded amortization of intangible assets in selling, general and administrative expenses in the condensed consolidated statements of operations as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Amortization of intangible assets	**$13,777**	$1,692	**$22,636**	$3,386

The Company continues to monitor the global outbreak of the COVID-19 pandemic to assess the outlook for demand of its products and the impact on its business and financial performance. The potential impact of the COVID-19 pandemic on demand, production levels, and its operating results in the short-term is uncertain, but the company remains committed to the strategic actions necessary to realize long-term revenue and cash flow growth rates. The potential effect of negative demand on revenues is also uncertain given the volatile environment, but demand and production levels are anticipated to recover.

As it relates to the evaluation of interim impairment indicators for our reporting units with recorded goodwill, the current uncertainty surrounding the global economy due to the COVID-19 pandemic could increase the likelihood that adverse changes could occur in key assumptions used to determine the fair value of reporting units like revenue estimates, cost factors and discount rates, resulting in interim quantitative goodwill impairment tests and non-cash goodwill impairments in future periods.

(In Thousands)

11. Commitments and Contingencies

Litigation

The Company is subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental matters, employee matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have or have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could be of a material nature or have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

12. Supplemental Cash Flow Disclosures

Supplemental disclosures with respect to cash flow information and non-cash operating, investing and financing activities are as follows:

	Six Months Ended	
	June 30, 2020	**June 30, 2019**
Supplemental Disclosures of Cash Flow Information:		
Interest paid	**$97,953**	$12,011
Income taxes paid, net	**10,276**	114
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	**15,401**	—
Operating cash flows from finance leases	**760**	—
Financing cash flows from finance leases	**2,169**	—
Supplemental Disclosures of Non-Cash Activities:		
Capital expenditures incurred but not yet paid	**$ 2,132**	$ 349
Change in derivative contracts fair value—asset position	**329**	—
Change in derivative contracts fair value—liability position	**269**	—
Right-of-use assets obtained in exchange for lease obligations Operating leases	**3,868**	—

13. Related Party Transactions

The Company receives certain corporate and advisory services from Platinum Equity Advisors, LLC (“Platinum”). Certain funds advised by Platinum indirectly control the Company. These services are provided pursuant to a corporate advisory services agreement between Platinum and the Company. The Company incurred related-party monitoring fee expenses and acquisition and integration related fees, which are included in selling, general and administrative expenses and transaction, integration and restructuring costs in the condensed consolidated statements of operations as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
Monitoring fee expenses	**$1,250**	$1,250	**$2,500**	$2,500
Acquisition and integration related fees	**76**	9,366	**238**	9,366

13. Related Party Transactions (Continued)

There were no related-party monitoring fee expenses or acquisition related fees accrued for as of June 30, 2020 and December 31, 2019. The Company paid a distribution to stockholders of $18,000 during the three months ended June 30, 2020.

The Company sells to certain other third parties who are also owned by Platinum. These sales are immaterial to the condensed consolidated financial statements of the Company.

On June 17, 2020, the Company entered into a Promissory Note of $6,769 (the “Note”) with a related party. The Note is recorded within other non-current assets on the condensed consolidated balance sheet as of June 30, 2020. The Note accrues interest annually as of June 30, 2020 at a fixed rate of 1.50% until the Note is paid in full. The principal and interest on the Note are due and payable on June 30, 2023 with optional prepayments permissible.

14. Facility Closures

During the three and six months ended June 30, 2020, the Company recorded $4,923 and $5,861, respectively, in facility closure expenses in the condensed consolidated statement of operations. These costs primarily consisted of non-cash fixed asset impairment charges related to the closure of our manufacturing facilities in Franklin, PA, Heath, OH and Rochester, NY of $3,616 and $3,668, which were recorded during the three and six months ended June 30, 2020, respectively. As a result of our decision to close these manufacturing facilities, the Company determined that it was more likely than not that certain fixed assets at these facilities would be sold or otherwise disposed of significantly before the end of their estimated useful lives. The land and building at the Franklin, PA facility were written-down to their estimated fair values, less costs to sell, of $1,504, which were determined based on a third party valuation (a Level 2 measurement). The remaining impairment charges relate to fixed assets that are anticipated to be scrapped or abandoned upon closure of the related facility; therefore, the net book value of these fixed assets were written-off. The remaining facility closure costs during the three and six months ended June 30, 2020, respectively, primarily consisted of severance and other termination benefits related to the closure of our manufacturing facilities in Franklin, PA, Heath, OH and Rochester, NY.

15. Subsequent Events

The Company has evaluated subsequent events through August 24, 2020, which is the date the unaudited condensed consolidated financial statements were issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Multi-Color Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Multi-Color Corporation (an Ohio corporation) and subsidiaries (the "Company") as of March 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated May 28, 2019 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2015.

Detroit, Michigan
May 28, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Multi-Color Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Multi-Color Corporation (an Ohio corporation) and subsidiaries (the "Company") as of March 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended March 31, 2019, and our report dated May 28, 2019 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Detroit, Michigan
May 28, 2019

CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended March 31

(In thousands, except per share data)

	2019	2018	2017
Net revenues	**$1,725,554**	$1,300,912	$923,295
Cost of revenues	**1,403,634**	1,054,312	726,486
Gross profit	**321,920**	246,600	196,809
Selling, general and administrative expenses	**160,710**	129,601	84,922
Facility closure expenses	**711**	1,419	921
Goodwill impairment	**99,155**	—	—
Operating income	**61,344**	115,580	110,966
Interest expense	**75,399**	54,027	25,488
Other (income) expense, net	**2,280**	7,851	(2,735)
Income (loss) before income taxes	**(16,335)**	53,702	88,213
Income tax expense (benefit)	**12,332**	(18,195)	26,848
Net income (loss)	**(28,667)**	71,897	61,365
Less: Net income (loss) attributable to noncontrolling interests	**374**	(54)	369
Net income (loss) attributable to Multi-Color Corporation	**$ (29,041)**	$ 71,951	$ 60,996
Weighted average shares and equivalents outstanding:			
Basic	**20,468**	18,421	16,879
Diluted	**20,468**	18,583	17,024
Basic earnings (loss) per common share	**$ (1.42)**	$ 3.91	$ 3.61
Diluted earnings (loss) per common share	**$ (1.42)**	$ 3.87	$ 3.58
Dividends per common share	**$ 0.20**	$ 0.20	$ 0.20

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended March 31

(In thousands)

	2019	2018	2017
Net income (loss)	**$ (28,667)**	$ 71,897	$ 61,365
Other comprehensive income (loss):			
Unrealized foreign currency translation gain (loss) (1)	**(136,726)**	93,892	(25,254)
Unrealized gain (loss) on derivative contracts, net of tax (2)	**29,907**	(25,408)	196
Change in minimum pension liability, net of tax (3)	**(28)**	34	174
Total other comprehensive income (loss)	**(106,847)**	68,518	(24,884)
Comprehensive income (loss)	**(135,514)**	140,415	36,481
Less: Comprehensive income (loss) attributable to noncontrolling interests	**(1,298)**	1,686	157
Comprehensive income (loss) attributable to Multi-Color Corporation	**$(134,216)**	$138,729	$ 36,324

(1) The amount for the years ended March 31, 2019, 2018 and 2017 includes a tax impact of $262, $(654) and $284, respectively, related to the settlement of foreign currency denominated intercompany loans.

(2) Amounts are net of tax of $(10,026), $10,423 and $(133) for the years ended March 31, 2019, 2018 and 2017, respectively.

(3) Amounts are net of tax of $9, $(21) and $(108) for the years ended March 31, 2019, 2018 and 2017, respectively.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
As of March 31

(In thousands, except per share data)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 57,762**	$ 67,708
Accounts receivable, net	**300,945**	306,542
Other receivables	**23,845**	16,589
Inventories, net	**144,235**	167,950
Prepaid expenses	**29,263**	24,926
Other current assets	**40,769**	17,468
Total current assets	**596,819**	601,183
Property, plant and equipment, net	**528,077**	510,002
Goodwill	**978,544**	1,196,634
Intangible assets, net	**538,196**	580,233
Other non-current assets	**6,755**	12,097
Deferred income tax assets	**4,081**	2,827
Total assets	**$2,652,472**	$2,902,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 23,059**	$ 20,864
Accounts payable	**197,899**	192,341
Accrued expenses and other liabilities	**94,739**	114,022
Total current liabilities	**315,697**	327,227
Long-term debt	**1,514,294**	1,577,821
Deferred income tax liabilities	**160,017**	149,950
Other liabilities	**33,761**	87,605
Total liabilities	**2,023,769**	2,142,603
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 1,000 shares authorized, no shares outstanding	**—**	—
Common stock, no par value, stated value of $0.10 per share; 40,000 shares authorized, 20,860 and 20,753 shares issued at March 31, 2019 and 2018, respectively	**1,411**	1,403
Paid-in capital	**406,846**	402,252
Treasury stock, 317 and 307 shares at cost at March 31, 2019 and 2018, respectively	**(12,079)**	(11,528)
Retained earnings	**355,973**	384,671
Accumulated other comprehensive loss	**(126,166)**	(19,241)
Total stockholders' equity attributable to Multi-Color Corporation	**625,985**	757,557
Noncontrolling interests	**2,718**	2,816
Total stockholders' equity	**628,703**	760,373
Total liabilities and stockholders' equity	**$2,652,472**	$2,902,976

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock					Accumulated Other		
	Shares Issued	Amount	Paid-In Capital	Treasury Stock	Retained Earnings	Comprehensive Loss	Noncontrolling Interests	Total
March 31, 2016	17,111	$1,040	$150,783	$(10,556)	$258,848	$ (61,123)	$ 3,640	$ 342,632
Net income					60,996		369	61,365
Other comprehensive loss						(24,672)	(212)	(24,884)
Acquisitions							62	62
Issuance of common stock	136	14	3,338					3,352
Excess tax benefit from stock-based compensation			1,258					1,258
Restricted stock grant	8							—
Restricted stock forfeitures	(1)							—
Stock-based compensation			3,042					3,042
Shares acquired under employee plans				(612)				(612)
Buyout of noncontrolling interest			(22)				(492)	(514)
Common stock dividends					(3,383)			(3,383)
Dividends paid to noncontrolling interests							(498)	(498)
March 31, 2017	17,254	$1,054	$158,399	$(11,168)	$316,461	$ (85,795)	$ 2,869	$ 381,820
Net income					71,951		(54)	71,897
Other comprehensive income						66,778	1,740	68,518
Constantia Labels acquisition	3,383	338	237,482				1,100	238,920
Issuance of common stock	110	11	2,915					2,926
Restricted stock grant	9							—
Restricted stock forfeitures	(3)							—
Stock-based compensation			3,456					3,456
Shares acquired under employee plans				(360)				(360)
Common stock dividends					(3,741)			(3,741)
Sale of Southeast Asian durables business						(231)	(2,484)	(2,715)
Acquisition of noncontrolling interest						7	(76)	(69)
Dividends paid to noncontrolling interests							(279)	(279)
March 31, 2018	20,753	$1,403	$402,252	$(11,528)	$384,671	$ (19,241)	$ 2,816	$ 760,373
Net income (loss)					**(29,041)**		**374**	**(28,667)**
Topic 606 transition adjustment					**2,701**			**2,701**
ASU 2018-02 reclassification of stranded tax effects					**1,750**	**(1,750)**		**—**
Other comprehensive loss						**(105,175)**	**(1,672)**	**(106,847)**
Constantia Labels acquisition							**1,200**	**1,200**
Issuance of common stock	**76**	**8**	**2,096**					**2,104**
Restricted stock grant	**19**							**—**
Conversion of restricted share units	**12**							**—**
Stock-based compensation			**2,498**					**2,498**
Shares acquired under employee plans				**(551)**				**(551)**
Common stock dividends					**(4,108)**			**(4,108)**
March 31, 2019	**20,860**	**$1,411**	**$406,846**	**$(12,079)**	**$355,973**	**$(126,166)**	**$ 2,718**	**$ 628,703**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended March 31

(In thousands)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	**$ (28,667)**	$ 71,897	$ 61,365
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	**60,474**	46,913	33,480
Amortization of intangible assets	**43,618**	26,009	14,425
Goodwill impairment	**99,155**	—	—
Loss on sale of Southeast Asian durables business	**—**	512	—
Loss on write-off of deferred financing fees	**186**	660	—
Impairment loss on fixed assets related to facility closures	**309**	—	—
Amortization of deferred financing costs	**5,085**	3,174	1,665
Loss on benefit plans related to facility closures	**—**	55	133
Gain on previously held equity interests	**—**	—	(690)
Net (gain) loss on disposal of property, plant and equipment	**178**	1,150	(230)
Net (gain) loss on derivative contracts	**(976)**	4,018	103
Stock-based compensation expense	**2,498**	3,456	3,042
Excess tax benefit from stock-based compensation	**—**	—	(1,258)
Deferred income taxes, net	**(10,294)**	(39,289)	(2,938)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**(3,829)**	(35,410)	(7,457)
Inventories	**(9,106)**	(3,072)	(1,999)
Prepaid expenses and other assets	**(18,020)**	(12,069)	1,067
Accounts payable	**24,344**	(9,892)	171
Accrued expenses and other liabilities	**(5,516)**	(1,205)	6,331
Net cash provided by operating activities	**159,439**	56,907	107,210
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(81,898)**	(60,105)	(46,146)
Investment in acquisitions, net of cash acquired	**—**	(1,024,644)	(28,839)
Net proceeds from sale of Southeast Asian durables business	**—**	3,620	—
Proceeds from sale of property, plant and equipment	**3,266**	798	1,350
Net cash used in investing activities	**(78,632)**	(1,080,331)	(73,635)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under revolving lines of credit	**348,719**	478,519	265,746
Payments under revolving lines of credit	**(398,452)**	(618,804)	(292,797)
Borrowings of long-term debt	**—**	1,250,000	2,156
Repayments of long-term debt	**(22,699)**	(10,808)	(6,572)
Payment of acquisition related deferred payments	**(8,343)**	(10,697)	(1,784)
Buyout of non-controlling interest	**—**	—	(514)
Proceeds from issuance of common stock	**1,556**	2,572	2,742
Excess tax benefit from stock-based compensation	**—**	—	1,258
Debt issuance costs	**(10)**	(26,669)	—
Dividends paid	**(4,106)**	(4,024)	(3,876)
Net cash provided by (used in) financing activities	**(83,335)**	1,060,089	(33,641)
Effect of foreign exchange rate changes on cash	**(7,418)**	5,814	(2,414)
Net increase (decrease) in cash and cash equivalents	**(9,946)**	42,479	(2,480)
Cash and cash equivalents, beginning of year	**67,708**	25,229	27,709
Cash and cash equivalents, end of year	**$ 57,762**	$ 67,708	$ 25,229

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except for statistical and per share data)

(1) THE COMPANY

Multi-Color Corporation (Multi-Color, MCC, we, us, our or the Company), headquartered near Cincinnati, Ohio, is a leader in global label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. MCC serves international brand owners in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

References to 2019, 2018 and 2017 are for the fiscal years ended March 31, 2019, 2018 and 2017, respectively. The consolidated financial statements included herein have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior year balances have been reclassified to conform to current year classifications.

As of March 31, 2019, the Company's operations were conducted through the Consumer Product Goods, Wine & Spirits and Food & Beverage operating segments, which are aggregated into one reportable segment in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting." The metrics used by management to assess the performance of the Company's operating segments include revenue trends, gross profit margin and operating margin. The Company's operating segments have historically had similar economic characteristics and are expected to have similar economic characteristics and long-term financial performance in future periods.

Use of Estimates in Financial Statements

In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combinations

The Company allocates the purchase price of its acquisitions to the assets acquired and liabilities assumed based upon their respective fair values at the acquisition date. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining these fair values. The excess of the acquisition price over the estimated fair value of the net assets is recorded as goodwill. Goodwill is adjusted for any changes to acquisition date fair value amounts made within the measurement period. Acquisition-related transaction costs are recognized separately from the business combination and expensed as incurred.

Revenue Recognition

On April 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. The standard's core principle is that an entity should recognize the revenue for transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard defines a five-step process to recognize revenue and requires more judgment and estimates within the revenue recognition process than required under previous U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. See Note 3 for discussion of our accounting policies under the revised guidance.

Cost of Revenues

Cost of revenues primarily consists of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of revenues also includes inbound freight costs and costs to distribute products to customers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) primarily consist of sales and marketing costs, corporate and divisional administrative and other costs and depreciation and amortization expense related to non-manufacturing assets. Advertising costs are charged to expense as incurred and were minimal in 2019, 2018 and 2017.

Research and Development Costs

Our product development group focuses on research and development, product commercialization and technical service support. The group includes chemical, packaging and field engineers who are responsible for developing and commercializing innovative label and application solutions. Technical service personnel also assist customers and manufacturers in improving container and label performance. The services provided by this group differentiate us from many of our competitors and drive our selection for the most challenging projects.

Research and development costs are charged to expense as incurred and were $8,065, $5,834 and $5,274 in 2019, 2018 and 2017, respectively.

Cash and Cash Equivalents

The Company records all highly liquid short-term investments with maturities of three months or less as cash equivalents. At March 31, 2019 and 2018, the Company had cash in foreign bank accounts of $56,914 and $66,061, respectively. Outstanding checks of $15,272 and $2,280 were included in accounts payable as of March 31, 2019 and 2018, respectively.

Accounts Receivable

Our customers are primarily major consumer product, food & beverage, wine & spirits and container companies. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. The delinquency of a receivable account is determined based on these factors. The Company does not accrue interest on aged accounts receivable.

Supply Chain Financing and Factoring

The Company has entered into supply chain financing agreements with certain customers and factoring arrangements with certain banks. The receivables for the agreements are sold without recourse to the customers' banks and are accounted for as sales of accounts receivable. Losses on the sale of these receivables are included in selling, general and administrative expenses in the consolidated statements of operations, and losses of $1,964, $1,325 and $561 were recorded during 2019, 2018 and 2017, respectively.

Inventories

Inventories are valued at the lower of cost or net realizable value and substantially all are maintained using the FIFO (first-in, first-out) or specific identification method. Excess and obsolete inventory allowances are generally established based on inventory age.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation.

Depreciation expense, which includes the amortization of assets recorded under capital leases, is calculated using the straight-line method over the estimated useful lives of the assets, or the remaining terms of the leases, as follows:

Buildings	20-39 years
Building improvements	15 years
Machinery and equipment	3-15 years
Computers	3-5 years
Furniture and fixtures	5-10 years

Goodwill and Other Acquired Intangible Assets

Impairment reviews comparing fair value to carrying value are highly judgmental and involve the use of significant estimates and assumptions, which determine whether there is potential impairment and the amount of any impairment charge recorded. Fair value assessments involve estimates of discounted cash flows that are dependent upon discount rates and long-term assumptions regarding future sales and margin trends, market conditions, cash flow and multiples of revenue and earnings before interest, taxes, depreciation and amortization (“EBITDA”). Actual results may differ from these estimates. Fair value measurements used in the impairment reviews of goodwill and intangible assets are Level 3 measurements. See further information about our policy for fair value measurements within this section below. See further information regarding our impairment tests in Note 8.

Goodwill. Goodwill is not amortized and is tested for impairment annually. Impairment is also tested when events or changes in circumstances indicate that the assets’ carrying values may be greater than the fair values.

Goodwill has been assigned to reporting units for purposes of impairment testing. The reporting units are the Company’s divisions. The Company can evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than the carrying value and whether it is necessary to perform the quantitative goodwill impairment test. The impairment test compares the fair value of the reporting unit to the carrying value. The market and income approaches were weighted 25% and 75%, respectively, based on judgement of the comparability of recent transactions and the risks inherent in estimating future cash flows.

Intangible Assets. Intangible assets with definite useful lives are amortized over periods of up to 21 years based on a number of assumptions including estimated period of economic benefit and utilization. Intangible assets are tested for impairment when events or changes in circumstances indicate that the assets’ carrying values may be greater than their fair values. We test for impairment by comparing (i) estimates of undiscounted future cash flows, before interest charges, included in our operating plans to (ii) the carrying values of the related assets. Tests are performed over asset groups at the lowest level of identifiable cash flows.

Impairment of Long-Lived Assets

We review long-lived assets for impairment when events or changes in circumstances indicate that assets might be impaired and the related carrying amounts may not be recoverable. Changes in market conditions and/or losses of a production line could have a material impact on the consolidated statements of operations. The determination of whether impairment exists involves various estimates and assumptions, including the determination of the undiscounted cash flows estimated to be generated by the assets involved in the review. The cash flow estimates are based upon our historical experience, adjusted to reflect estimated future market and operating conditions. Measurement of an impairment loss requires a determination of fair value. We base our estimates of fair values on quoted market prices when available, independent appraisals as appropriate and industry trends or other market knowledge. Tests are performed over asset groups at the lowest level of identifiable cash flows.

Income Taxes

The Company is subject to income taxes in the United States and numerous foreign jurisdictions. Income taxes are recorded based on the current year amounts payable or refundable. Deferred income taxes are recognized at the enacted tax rates for the expected future tax consequences related to temporary differences between amounts reported for income tax purposes and financial reporting purposes as well as any tax attributes. Deferred income taxes are not provided for the undistributed earnings of subsidiaries operating outside of the U.S. that have been permanently reinvested in foreign operations.

We regularly review our deferred income tax balances for each jurisdiction to estimate whether these deferred income tax balances are more likely than not to be realized based on the information currently available. Projected future taxable income is based on forecasted results and assumptions as to the jurisdiction in which the income will be earned. The timing of reversals of any existing temporary differences is based on our methods of accounting for income taxes and current tax legislation. Unless the deferred tax balances are more likely than not to be realized, a valuation allowance is established to reduce the carrying values of any deferred tax balances until circumstances indicate that realization becomes more likely than not.

The Company establishes reserves for income tax related uncertainties based on estimates of whether it is more likely than not that the tax uncertainty would be sustained upon challenge by the appropriate tax authorities. Provisions for and changes to these reserves and any related net interest and penalties are included in income tax expense in the consolidated statements of operations. Significant judgment is required when evaluating our tax provisions and determining our provision for income taxes. We regularly review our tax positions and we adjust the reserves as circumstances change.

Earnings per Common Share

Basic earnings per common share (EPS) is computed by dividing net income (loss) attributable to Multi-Color Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income (loss) attributable to Multi-Color Corporation by the sum of the weighted average number of common shares outstanding during the period plus, if dilutive, potential common shares outstanding during the period. Potential common shares outstanding during the period consist of restricted shares and the incremental common shares issuable upon the exercise of stock options and are reflected in diluted EPS by application of the treasury stock method.

Derivative Financial Instruments

The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value and recognizing the resulting gains or losses as adjustments to the consolidated statements of operations or accumulated other comprehensive income (loss). The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of AOCI in stockholders' equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions.

For derivative instruments that hedge the exposure to changes in the fair value of an asset or a liability and that are designated and qualify as fair value hedges, both the net gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings in the current period.

For derivative instruments that hedge the exposure to changes in foreign currency exchange rates used for translation of the net investment in a foreign operation and that are designated as a net investment hedge, the net gain or loss on the derivative instrument is reported in AOCI as part of the foreign currency translation adjustment.

Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period.

Fair Value Measurements

The carrying value of financial instruments approximates fair value.

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 at the measurement date. To increase consistency and comparability in fair value measurements, the Company uses a three-level hierarchy that prioritizes the use of observable inputs. The three levels are:

Level 1—Quoted market prices in active markets for identical assets and liabilities

Level 2—Observable inputs other than quoted market prices in active markets for identical assets and liabilities

Level 3—Unobservable inputs

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in goodwill, other intangible assets and long-lived assets impairment analyses, the valuation of acquired intangibles and in the valuation of assets held for sale. The Company tests goodwill for impairment annually, as of the last day of January of each fiscal year. Impairment is also tested when events or changes in circumstances indicate that the assets' carrying values may be greater than the fair values. Goodwill and intangible assets are typically valued using Level 3 inputs.

Foreign Exchange

The functional currency of each of the Company's subsidiaries is generally the currency of the country in which the subsidiary operates or the U.S. Dollar. Assets and liabilities of foreign operations are translated using period end exchange rates, and revenues and expenses are translated using average exchange rates during each period. Translation (gains) and losses are reported in accumulated other comprehensive loss as a component of stockholders' equity and were $136,726, $(93,892) and $25,254 during 2019, 2018 and 2017, respectively. Transaction gains and (losses) are reported in other income and expense in the consolidated statements of operations and were $149, $3,899 and $(533) during 2019, 2018 and 2017, respectively.

New Accounting Pronouncements

On April 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. We adopted this guidance using the modified retrospective transition method, which means that periods beginning in fiscal 2019 are reported under this guidance while prior periods continue to be reported under previous guidance. See Note 3.

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220)," which permits the reclassification of stranded tax effects resulting from the Tax Cuts and Jobs Act (the "Tax Act") from accumulated other comprehensive income (AOCI) to retained earnings. This new guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2019. Early adoption is permitted, and the update must be applied either at the beginning of the period of adoption or retrospectively to each period in which the effects of the Tax Act related to items remaining in AOCI are recognized. The Company elected to early adopt this update in the second quarter of fiscal 2019. As part of this adoption, the Company elected to reclassify $1,750 of stranded income tax effects of the Tax Act from AOCI to retained earnings at the beginning of the second quarter of fiscal 2019.

In January 2017, the FASB issued ASU 2017-04, "Intangibles-Goodwill and Other," which simplifies the accounting for goodwill impairment. This update removes step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, which for the Company is any annual or interim goodwill impairment tests performed after April 1, 2020. Early adoption is permitted for any impairment tests performed after January 1, 2017. The Company elected to early adopt this update in the fourth quarter of fiscal 2019. Under the new guidance, the Company recognized goodwill impairment charges of $99,155 during the fourth quarter of fiscal 2019. See Note 8.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations," which revises the definition of a business. The FASB's new framework assists entities in evaluating whether a set (integrated set of assets and activities) should be accounted for as an acquisition of a business or a group of assets. The framework adds an initial screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If that screen is met, the set is not a business. This update was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, which for the Company was the fiscal year beginning April 1, 2018. The Company adopted this update effective April 1, 2018, and its adoption did not have an impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments," which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The specific issues addressed include debt prepayment or debt extinguishment costs, contingent consideration payments made after a business combination and separately identifiable cash flows and application of the predominance principle. This update was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, which for the Company was the fiscal year beginning April 1, 2018. The Company adopted this update effective April 1, 2018, and its adoption did not have an impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases," which requires that lessees recognize almost all leases on the balance sheet as right-of-use assets and lease liabilities. For income statement purposes, leases will be classified as either finance leases or operating leases. This update is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years, which for the Company is the fiscal year beginning April 1, 2019.

We will adopt the standard using the modified retrospective method which will be applied to leases that exist or are entered into on or after April 1, 2019. As a result, we will not adjust our comparative period financial information or make the new required lease disclosures for periods before the effective date. The Company will elect to utilize the package of practical expedients that allows entities to 1) not reassess whether any expired or existing contracts are or contain leases, 2) retain the existing classification of lease contracts as of the date of adoption, and 3) not reassess initial direct costs for any existing leases. The Company is in the final stages of evaluating its existing lease portfolio and is continuing to assess and quantify the amount of right-of-use assets and lease liabilities that will be included on its balance sheet as of April 1, 2019, with an estimated amount of $125,000.

The Company is in the process of implementing a new lease accounting and administration software solution to manage and account for leases under the new guidance and is updating certain of its business processes and internal controls to meet the reporting and disclosure requirements of the new standard. We believe that the new standard will have a material impact on our consolidated balance sheet due to the recognition of right-of-use assets and liabilities for our operating leases, but it is not expected to have a material impact on our statements of operations or cash flows. The ASU will also require disclosures to allow financial statement users to better understand the amount, timing and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on the consolidated financial statements.

(3) Revenue Recognition

On April 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. The standard's core principle is that an entity should recognize the revenue for transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard defines a five-step process to recognize revenue and requires more judgment and estimates within the revenue recognition process than required under previous U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation.

We adopted the standard by applying the modified retrospective method to all contracts that were not completed as of the adoption date. The aggregate effect of any modifications to those contracts was reflected in identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the price to the satisfied and unsatisfied performance obligations as of the adoption date. Accordingly, the comparative statements of operations and comparative balance sheet have not been restated.

Adjustments due to ASU 2014-09 were as follows:

	Balance at March 31, 2018	Adjustments	Balance at April 1, 2018
Assets:			
Accounts receivable, net	$306,542	$ 253	$306,795
Inventories, net	167,950	(18,286)	149,664
Other current assets	17,468	21,657	39,125
Liabilities and Stockholders' Equity:			
Accrued expenses and other liabilities	$114,022	$ (215)	$113,807
Deferred income tax liabilities	149,950	1,125	151,075
Accumulated other comprehensive loss	(19,241)	13	(19,228)
Retained earnings	384,671	2,701	387,372

Revenue is generated through the sale of products created to meet the packaging needs of our customers, culminating in a single performance obligation to produce labels with no alternate use, and revenue is recorded in an amount that reflects the net consideration that we expect to receive. Prices for our products are based on agreed upon rates with customers and do not include financing components or noncash consideration. The amount of consideration we receive and revenue we recognize is variable for certain customers and is impacted by incentives, including rebates, which are generally tied to achievement of certain sales volume levels.

We recognize revenue when obligations under the terms of a contract with our customer are satisfied, in an amount that reflects the consideration we expect to receive in exchange for the product. Depending on the terms of the agreement with the customer, we recognize revenue either at a point-in-time (at shipment or delivery depending on agreed upon terms) or over-time when the Company has an enforceable right to payment for performance completed to date.

We believe the costs incurred method is the best method to recognize our over-time revenue as costs incurred are proportionate to progress achieved in satisfying our performance obligations.

The Company also has bill and hold arrangements with certain customers. For these arrangements, control over the product is transferred when the product is ready for physical transfer to the customer, as we have a present right to payment, the customer can direct the use of the product (i.e., request shipment to its facility), and legal title has passed to the customer. Revenue is recognized at the time the product is produced and we have transferred control to the customer.

Payment terms typically range from 30-90 days, based upon agreed upon terms with the customer.

Taxes assessed by a governmental authority that we collect from our customers that are both imposed on and concurrent with our revenue producing activities (such as sales tax, value-added tax, and excise taxes) are excluded from revenue. Shipping and handling costs incurred after control of the product is transferred to our customers are treated as fulfillment costs and not a separate performance obligation.

MCC records contract assets when revenue is recognized but we have not yet invoiced the customer. This occurs when costs are incurred for the production of labels for over-time customers but the associated revenues have not been billed to the customer or when prepress costs related to fulfillment and completion of labels are incurred but the associated revenues for those labels have not been billed to the customer. Contract liabilities are recorded for expected shipping and handling charges for revenue recognized from over-time customers, billings to customers for prepress items to be utilized in the fulfilment and completion of labels that have not yet been fully utilized in the production process, and arrangements where MCC has billed the customer but has not yet shipped the labels and the transaction does not meet the criteria for bill and hold revenue recognition.

	Balance sheet location	March 31, 2019	April 1, 2018
Contract assets	Other current assets	**$ 29,143**	$ 31,001
Contract liabilities	Accrued expenses and other liabilities	**(10,654)**	(11,750)
Net contract assets and liabilities		**$ 18,489**	$ 19,251

MCC recognized revenues of $10,760 during fiscal year 2019, that were included in contract liabilities as of March 31, 2018.

We elected the practical expedient to disregard the possible existence of a significant financing component related to payment on contracts as part of the adoption of ASU 2014-09, as we expect that customers will pay for the products within one year. Additionally, as all contracts are expected to have an original duration of one year or less, we elected the practical expedient to exclude disclosure of information regarding the aggregate amount and future timing of performance obligations that are unsatisfied or partially satisfied as of the end of the reporting period.

The following table summarizes the March 31, 2019 consolidated statements of operations and consolidated balance sheet as if ASU 2014-09 had not been adopted and the adjustment required upon adoption of ASU 2014-09.

	Fiscal Year ended March 31, 2019		
	As Reported	Adjustments	Previous Standard
Condensed Consolidated Statement of Income:			
Net revenues	**$1,725,554**	**$3,349**	**$1,728,903**
Cost of revenues	**1,403,634**	**2,713**	**1,406,347**
Gross profit	**321,920**	**636**	**322,556**
Selling, general and administrative expenses	**160,710**	**67**	**160,777**
Operating income	**61,344**	**569**	**61,913**
Income tax benefit	**12,332**	**206**	**12,538**
Net income (loss)	**(28,667)**	**363**	**(28,304)**

	As of March 31, 2019		
	As Reported	Adjustments	Previous Standard
Condensed Consolidated Balance Sheet:			
Assets:			
Accounts receivable, net	**$ 300,945**	**$ (169)**	**$ 300,776**
Inventories, net	**144,235**	**15,494**	**159,729**
Other current assets	**40,769**	**(18,230)**	**22,539**
Liabilities and Stockholders' Equity:			
Accrued expenses and other liabilities	**$ 94,739**	**$ 347**	**$ 95,086**
Deferred income tax liabilities	**160,017**	**(919)**	**159,098**
Accumulated other comprehensive loss	**(126,166)**	**5**	**(126,161)**
Retained earnings	**355,973**	**(2,338)**	**353,635**

The following table presents our net revenues disaggregated by region and timing of revenue recognition for the fiscal year ended March 31, 2019.

	Fiscal Year ended March 31, 2019	
	Point-in-time	**Over-time**
North America	**$ 550,851**	**$224,380**
Europe	**672,349**	**3,970**
Asia Pacific and Africa	**246,657**	**2,684**
South America	**24,663**	**—**
Total	**$1,494,520**	**$231,034**

(4) ACQUISITIONS

Constantia Labels Summary

On October 31, 2017, the Company completed its acquisition pursuant to the Sale and Purchase Agreement (as amended) with Constantia Flexibles Germany GmbH, Constantia Flexibles International GmbH, Constantia Flexibles Group GmbH and GPC Holdings B.V. (collectively, "Constantia Flexibles"), acquiring 100% of the Labels Division of Constantia Flexibles ("Constantia Labels"). Constantia Labels, headquartered in Vienna, Austria, is a leader in label solutions serving the food, beverage and consumer packaging goods industries. Constantia Labels has approximately 2,800 employees globally and 24 production plants across 14 countries, with major operations across Europe, Asia and North America. The acquisition included a 75% controlling interest in certain label operations in South Africa.

The Company believes the combination of Constantia Labels' food & beverage business with Multi-Color's existing platforms, particularly in home & personal care and wine & spirits and emerging position in healthcare, will create a company with significant scale and geographic, end-market, customer and product diversification and additional growth opportunities. The results of Constantia Labels' operations were included in the Company's consolidated financial statements beginning on October 31, 2017.

The purchase price for Constantia Labels consisted of the following:

Cash from proceeds of borrowings	$1,048,656
MCC common stock issued	237,820
Deferred payments	3,901
Contingent consideration	9,026
Purchase price, before cash acquired	1,299,403
Net cash acquired	(11,234)
Total purchase price	$1,288,169

The Company issued 3,383 shares of its common stock to Constantia Flexibles as part of the consideration for the purchase of Constantia Labels. The Sale and Purchase Agreement provides for restrictions on the transfer of the shares issued to Constantia Flexibles and certain registration rights with respect to the shares. The fair value of the shares issued of $237,820 was calculated using the Company share price of $82.70, which was the closing price on October 31, 2017, discounted to reflect the temporary lack of liquidity.

The cash portion of the purchase price was funded through the 4.875% Senior Notes due 2025 and funds from the Credit Agreement (see Note 9). The purchase price included deferred payments with a total fair value of $3,901, estimated as of the acquisition date, of which $807 was paid during the three months ended June 30, 2018 with the remaining to be paid out approximately 90 days after December 31, 2018, 2019 and 2020. In addition, the purchase price includes future performance based earnouts with a total fair value of $9,026, estimated as of the acquisition date. The future value of the earnouts is dependent upon whether the Verstraete in Mould Labels N.V. (Verstraete) business, which was acquired in conjunction with the Constantia Labels' acquisition, meets or exceeds certain agreed upon EBITA (earnings before interest, taxes, and amortization) metrics over the three to five-year period following the acquisition. The earnouts have a minimum future payout of zero, and the maximum amount of the future payout is based on the amount of EBITA growth achieved relative to calendar 2017. The earnouts may be paid out approximately 90 days after December 31, 2020, 2021 or 2022. Net cash acquired includes $49,725 of cash acquired less $38,491 of assumed bank debt and capital leases. The Company spent $17,379 in acquisition expenses related to the Constantia Labels acquisition. These expenses were recorded in selling, general and administrative expenses in the consolidated statements of operations as follows: $18 in the third quarter of fiscal 2017, $744 in the first quarter of fiscal 2018, $3,545 in the second quarter of fiscal 2018, $11,299 in the third quarter of fiscal 2018, $632 in the fourth quarter of fiscal 2018, $1,246 in the first quarter of fiscal 2019 and a credit of $(105) in the second quarter of fiscal 2019.

Purchase Price Allocation and Other Items

Based on fair value estimates, the purchase price for Constantia Labels has been allocated to individual assets acquired and liabilities assumed as follows:

	Constantia Labels
Assets Acquired:	
Net cash acquired	$ 11,234
Accounts receivable	117,248
Inventories	82,472
Property, plant and equipment	250,479
Intangible assets	432,400
Goodwill	673,561
Other assets	13,747
Total assets acquired	1,581,141
Liabilities Assumed:	
Accounts payable	93,812
Accrued income taxes payable	4,401
Accrued expenses and other liabilities	41,378
Deferred tax liabilities	139,847
Total liabilities assumed	279,438
Net assets acquired	1,301,703
Noncontrolling interests	(2,300)
Net assets acquired attributable to Multi-Color Corporation	$1,299,403

The liabilities assumed in the Constantia Labels acquisition included a contingent liability of $9,671, estimated as of the acquisition date based on the Company's best estimate. The contingent liability, payable to the pre-Constantia Flexibles owners of the respective entities, was based on future earnings of certain entities acquired. In the fourth quarter of fiscal 2018, $7,523 of the contingent liability was paid. The remaining contingent liability was paid during the three months ended March 31, 2019.

The fair value of the noncontrolling interests for Constantia Labels was estimated based on market valuations performed by an independent third party using a combination of: (i) an income approach based on expected future discounted cash flows; and (ii) an asset approach. During fiscal 2019, the Company increased its valuation of the noncontrolling interests for Constantia Labels by $1,200.

During fiscal 2019, goodwill decreased by $33,772 related to measurement period adjustments for the Constantia Labels acquisition. The measurement period adjustments primarily consisted of increases of $33,607 and $22,400 related to the valuation of property, plant and equipment and intangible assets, respectively, and decreases of $4,881 and $4,846 related to the valuation of net cash acquired (primarily due to the valuation of capital leases) and inventories, respectively. In addition, the valuation of deferred tax liabilities increased by $11,195 and accrued income taxes decreased by $3,574 due to completion of the final valuation of current and deferred income tax assets and liabilities.

During fiscal 2019, we recognized a $(4,055) credit to depreciation expense and $911 of amortization expense that would have been recognized in fiscal 2018 if the adjustments to provisional amounts were recognized as of the Constantia Labels' acquisition date of October 31, 2017.

During the fourth quarter of fiscal 2018, goodwill decreased by $8,912 due to finalization of the purchase price and increased by $4,083 related to measurement period adjustments for the Constantia Labels acquisition. The measurement period adjustments primarily consisted of a $1,768 and $5,311 decrease in the valuation of inventory and other assets, respectively, and a $1,601 increase in the valuation of accrued and other liabilities, partially offset by a $4,765 decrease in the valuation of the related deferred tax liabilities.

The fair value of identifiable intangible assets acquired and their estimated useful lives are as follows:

	Constantia Labels	
	Fair Value	**Useful Lives**
Customer relationships	$407,300	19 years
Technology	20,700	4 years
Trade name	4,400	4 years
Total identifiable intangible assets	$432,400	

Identifiable intangible assets are amortized over their useful lives based upon a number of assumptions including the estimated period of economic benefit and utilization. The weighted-average amortization period for identifiable intangible assets acquired in the Constantia Labels acquisition is 18 years.

The goodwill for Constantia Labels is attributable to combining Constantia Labels' food & beverage business with Multi-Color's existing platforms, particularly in home & personal care and wine & spirits and emerging position in healthcare, thereby creating additional growth opportunities for both businesses utilizing the expanded global footprint and the acquired workforce. Goodwill arising from the Constantia Labels acquisition is not deductible for income tax purposes.

The accounts receivable acquired as part of the Constantia Labels acquisition had a fair value of $117,248 at the acquisition date. The gross contractual value of the receivables prior to any adjustments was $119,883 and the estimated contractual cash flows that are not expected to be collected are $2,635.

Pro Forma Information

The following table provides the unaudited pro forma results of operations for the year ended March 31, 2018 and 2017 as if Constantia Labels had been acquired as of the beginning of fiscal year 2017. However, pro forma results do not include any anticipated synergies from the combination of the companies, and accordingly, are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the date indicated or that may result in the future.

	2018	**2017**
Net revenues	$1,718,924	$1,588,090
Net income attributable to Multi-Color	87,147	78,768
Diluted earnings per share	4.24	3.86

The following is a reconciliation of actual net revenues and net income attributable to Multi-Color Corporation to unaudited pro forma net revenues and net income:

	2018		2017	
	Net revenues	Net income attributable to Multi-Color	Net revenues	Net income attributable to Multi-Color
Multi-Color Corporation actual results	$1,300,912	$71,951	$ 923,295	$ 60,996
Constantia Labels actual results (1)	418,012	23,426	664,795	52,109
Pro forma adjustments	—	(8,230)	—	(34,337)
Pro forma results	$1,718,924	$87,147	$1,588,090	$ 78,768

(1) Constantia Labels actual results include the seven months pre-acquisition in fiscal 2018 and 12 months in fiscal 2017. Constantia Labels results for the five months post-acquisition in fiscal 2018 are included in the Multi-Color Corporation actual results.

The following table identifies the unaudited pro forma adjustments:

	2018	2017
Constantia Labels financing costs	$ 9,689	$ 15,524
Acquisition transaction costs	16,220	18
Incremental depreciation and amortization costs	(8,468)	(14,667)
Incremental interest costs	(29,368)	(50,639)
Tax effect of adjustments	3,697	15,427
Pro forma adjustments	$ (8,230)	$(34,337)

Other Acquisition Activity

On October 11, 2017, the Company acquired 100% of TP Label Limited, the labels business of Tanzania Printers Limited (Tanzania Printers), and TP Kenya Limited (collectively, “TP Label”), which is located in Dar es Salaam, Tanzania with a sales and distribution center located in Nairobi, Kenya, for $15,929 less net cash acquired of $397. The purchase price included $9,557, which was retained by MCC at closing and was used to repay the indebtedness of TP Label Limited and Tanzania Printers during the three months ended March 31, 2018. The purchase price also included an indemnification holdback of $1,593 to fund certain potential obligations of the sellers with respect to the transaction, which was deferred for one year and paid during the three months ended December 31, 2018. TP Label is primarily a pressure sensitive and cut and stack label business, serving customers in the food and beverage market.

On August 3, 2017, the Company acquired 100% of GEWA Etiketten GmbH (GEWA), including the remaining 2.4% of the common shares of GIP (see below), for $21,846 plus net debt assumed of $5,228. Upon closing, $2,185 of the purchase price was deposited into an escrow account and was released to the seller on the 18-month anniversary of the closing date in accordance with the purchase agreement. The escrow amount was to fund certain potential indemnification obligations of the seller with respect to the transaction. GEWA is located in Bingen am Rhein, Germany and specializes in producing pressure sensitive labels for the wine and spirits market.

On January 3, 2017, the Company acquired 100% of Graphix Labels and Packaging Pty Ltd. (Graphix) for $17,261. The purchase price included a deferred payment of $1,631 that was paid in the three months ended March 31, 2019. Graphix is located in Melbourne, Victoria, Australia and specializes in producing labels for both the food & beverage and wine & spirits markets.

In January 2017, the Company acquired an additional 67.6% of the common shares of Gironde Imprimerie Publicité (GIP) for $2,084 plus net debt assumed of $862. The purchase price included a deferred payment of $208 that was paid during the three months ended March 31, 2018. The Company acquired 30% of GIP as part of the Barat acquisition in fiscal 2016. Immediately prior to obtaining a controlling interest in GIP, the Company recognized a gain of $690 as a result of re-measuring our equity interest to its fair value of $771 based on the most recent share activity. In August 2017, the Company acquired the remaining 2.4% of the common shares of GIP in conjunction with the GEWA acquisition (see above). GIP is located in the Bordeaux region of France and specializes in producing labels for the wine & spirits market.

On July 6, 2016, the Company acquired 100% of Industria Litografica Alessandrina S.r.l. (I.L.A.) for $6,301 plus net debt assumed of $3,547. The purchase price included $819 that is deferred for three years after the closing date. I.L.A. is located in the Piedmont region of Italy and specializes in production of premium self-adhesive and wet glue labels primarily for the wine & spirits market and also services the food industry.

On July 1, 2016, the Company acquired 100% of Italstereo Resin Labels S.r.l. (Italstereo) for $3,342 less net cash acquired of $181. The purchase price included a deferred payment of $201 that was paid in the three months ended September 30, 2017 and a deferred payment of $133 that was paid in the three months ended September 30, 2018. Italstereo is located near Lucca, Italy and specializes in producing pressure sensitive adhesive resin coated labels, seals and emblems.

The results of operations of the acquisitions described above within this “Other Acquisition Activity” section have been included in the consolidated financial statements since the respective dates of acquisition and have been determined to be immaterial for purposes of additional disclosure.

Sale of Southeast Asian durables business

On July 3, 2017, the Company sold its 60% controlling interest in its Southeast Asian durables business to its minority shareholders for $3,620 in net cash proceeds. The Company recognized a loss of $512 on the sale of the business, which was recognized in other expense in the consolidated statements of operations.

(5) ACCOUNTS RECEIVABLE ALLOWANCE

The Company’s customers are primarily producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. Accounts receivable consist of amounts due from customers in connection with our normal business activities and are carried at sales value less allowance for doubtful accounts. The allowance for doubtful accounts is established to reflect the expected losses of accounts receivable based on past collection history, age, account payment status compared to invoice payment terms and specific individual risks identified. The following table summarizes the activity in the allowance for doubtful accounts:

	2019	2018	2017
Balance at beginning of year	**$2,704**	$2,273	$2,497
Provision	**312**	319	234
Accounts written-off	**(281)**	(62)	(384)
Foreign exchange	**(137)**	174	(74)
Balance at end of year	**$2,598**	$2,704	$2,273

(6) INVENTORIES

The Company’s inventories as of March 31 consisted of the following:

	2019	2018
Finished goods	**$ 60,493**	$ 80,845
Work-in-process	**21,010**	21,156
Raw materials	**62,732**	65,949
Total inventories, net	**$144,235**	$167,950

(7) PROPERTY, PLANT AND EQUIPMENT

The Company’s property, plant and equipment as of March 31 consisted of the following:

	2019	2018
Land	**$ 19,095**	$ 13,766
Buildings, building improvements and leasehold improvements	**123,517**	114,790
Machinery and equipment	**603,882**	535,142
Furniture, fixtures, computer equipment and software	**42,049**	50,779
Construction in progress	**24,313**	31,505
Property, plant and equipment, gross	**812,856**	745,982
Accumulated depreciation	**(284,779)**	(235,980)
Property, plant and equipment, net	**$ 528,077**	$ 510,002

Total depreciation expense for 2019, 2018 and 2017 was $60,474, $46,913 and $33,480, respectively.

As a result of our decision to close certain manufacturing facilities during fiscal 2019 and 2018, the Company determined that it was more likely than not that certain fixed assets at these facilities would be sold or otherwise disposed of significantly before the end of their estimated useful lives.

As a result of the decision to close our manufacturing facility located in Cowansville, Canada, during fiscal 2019, non-cash fixed asset impairment charges of $309 were recorded to adjust the carrying value of certain machinery and equipment to their estimated fair value, less costs to sell, which were determined based on a quoted market price.

As a result of the decision to consolidate our manufacturing facility located in Merignac, France into our existing facility in Libourne, France during fiscal 2018, non-cash fixed asset impairment charges of $125 were recorded, primarily to write off land and building improvements that were not transferred to Libourne and were abandoned.

As a result of the decision to close our manufacturing facility located in Dormans, France, during fiscal 2018, non-cash fixed asset impairment charges of $25 were recorded, to adjust the carrying value of the land and building held for sale at the Dormans facility to their estimated fair value, less cost to sell, which were determined based on a quoted market price. The land and building at the Dormans facility were sold during fiscal 2018.

These asset impairment charges were recorded in facility closure expenses in the consolidated statements of operations. See Note 21 for further information on these facility closures.

In addition, the Company performed impairment testing on long-lived assets at certain manufacturing locations during fiscal 2019 and 2018 due to the existence of impairment indicators. The estimated undiscounted future cash flows associated with the long-lived assets were greater than their carrying values, and therefore, no impairment was present in either of these two years.

(8) GOODWILL AND INTANGIBLE ASSETS

The changes in the Company's goodwill consisted of the following:

	2019	2018
Balance at beginning of year		
Goodwill, gross	**$1,210,179**	$ 424,941
Accumulated impairment losses	**(13,545)**	(12,391)
Goodwill, net	**1,196,634**	412,550
Activity during the year		
Acquisitions	**—**	721,874
Adjustments to prior year acquisitions	**(34,478)**	(359)
Currency translation	**(84,457)**	63,096
Impairment	**(99,155)**	—
Sale of Southeast Asian durables business	**—**	(527)
Balance at end of year		
Goodwill, gross	**1,089,010**	1,210,179
Accumulated impairment losses	**(110,466)**	(13,545)
Goodwill, net	**$ 978,544**	$1,196,634

See Note 4 for further information regarding acquisitions.

In conjunction with our annual impairment tests as of January 31, 2019 and January 31, 2018, the Company performed quantitative assessments for all of our reporting units. The impairment tests compare the fair value of each reporting unit to its carrying value. We estimated the fair value of each reporting unit using a combination of: (i) a market approach based on multiples of revenue and EBITDA from recent comparable transactions and other market data; and (ii) an income approach based on expected future cash flows discounted at rates ranging between 8.5% to 13.0% in 2019 and 8.5% to 11.5% in 2018. The discount rate reflects the risk associated with each respective reporting unit, including the industry and geographies in which they operate. In fiscal 2019, the market and income approaches were weighted 25% and 75%, respectively, based on judgment of the comparability of the recent transactions and the risks inherent in estimating future cash flows. We considered recent economic and industry trends, as well as risk in executing our current plans from the perspective of a hypothetical buyer in estimating expected future cash flows in the income approach.

For most of our reporting units, the impairment test did not indicate impairment as the estimated fair value of the reporting units exceeded the carrying amount. For two of our reporting units, In-Mold Labels Food & Beverage and Europe Food & Beverage, both of which were acquired in fiscal 2018 as part of the Constantia Labels acquisition, the carrying amounts exceeded the estimated fair value of the reporting units.

During the fourth quarter of fiscal 2019, the Company adopted ASC 2017-14, which removes step 2 of the goodwill impairment test. Goodwill impairment is now the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. See Note 2 for further details. As such, the excess of the carrying value over the fair value for IML Food & Beverage and Europe Food & Beverage of $85,109 and $14,046, respectively, were recorded as non-cash goodwill impairment charges during the fourth quarter of fiscal 2019 and resulted in a reduction in goodwill. The impairment charges were a result of changes in expectations for future growth as part of our fourth quarter long-term strategic planning process.

Significant assumptions used to estimate the fair value of our reporting units include estimates of future cash flows, discount rates and multiples of revenue and EBITDA. These assumptions are typically not considered individually because assumptions used to select one variable should also be considered when selecting other variables; however, sensitivity of the overall fair value assessment to each significant variable was also considered.

No events or changes in circumstances occurred in 2019 and 2018 that required goodwill impairment testing in between annual tests.

The Company's intangible assets as of March 31 consisted of the following:

	2019			2018		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer relationships	**$641,385**	**$ (119,821)**	**$521,564**	$648,273	$(87,560)	$560,713
Technologies	**21,540**	**(8,512)**	**13,028**	21,721	(3,586)	18,135
Trademarks and trade names	**4,372**	**(1,635)**	**2,737**	99	(66)	33
Non-compete agreements	**3,824**	**(2,957)**	**867**	3,880	(2,528)	1,352
Total	**$671,121**	**$ (132,925)**	**$538,196**	$673,973	$(93,740)	$580,233

The intangible assets were established in connection with completed acquisitions. They are amortized, using the straight-line method, over their estimated useful lives based on a number of assumptions including customer attrition rates, percentage of revenue attributable to technologies, royalty rates and projected future revenue growth. The weighted-average amortization period for the intangible assets acquired in fiscal 2018 is 18 years. There were no acquisitions in fiscal 2019. Total amortization expense of intangible assets for 2019, 2018 and 2017 was $43,618, $26,009 and $14,425, respectively.

The estimated useful lives for each intangible asset class are as follows:

Customer relationships	9 to 21 years
Technologies	1 to 8 years
Trademarks and trade names	1 to 4 years
Non-compete agreements	2 to 7 years

The annual estimated amortization expense for future years is as follows:

Fiscal 2020	$ 42,079
Fiscal 2021	41,635
Fiscal 2022	40,326
Fiscal 2023	37,300
Fiscal 2024	34,183
Thereafter	342,673
Total	$538,196

The Company performed impairment testing on long-lived assets, including intangibles, at certain manufacturing locations during fiscal 2019 and 2018 due to the existence of impairment indicators. The estimated undiscounted future cash flows associated with the long-lived assets were greater than their carrying values, and therefore, no impairment was present in either of these two years related to intangible assets.

(9) DEBT

The components of the Company's debt as of March 31 consisted of the following:

	2019			2018		
	Principal	**Unamortized Debt Issuance Costs**	**Debt Less Unamortized Debt Issuance Costs**	**Principal**	**Unamortized Debt Issuance Costs**	**Debt Less Unamortized Debt Issuance Costs**
6.125% Senior Notes (1)	**$ 250,000**	**$ (2,473)**	**$ 247,527**	$ 250,000	$ (3,148)	$ 246,852
4.875% Senior Notes (1)	**600,000**	**(8,420)**	**591,580**	600,000	(9,699)	590,301
Credit Agreement						
Term Loan A Facility (2)	**135,625**	**(3,125)**	**132,500**	148,125	(3,996)	144,129
Term Loan B Facility (3)	**493,750**	**(5,165)**	**488,585**	498,750	(6,280)	492,470
U.S. Revolving Credit Facility (4)(5)	**—**	**—**	**—**	56,945	(5,442)	51,503
Australian Revolving Sub-Facility (4)	**35,977**	**(473)**	**35,504**	33,033	(605)	32,428
Capital leases	**36,255**	**—**	**36,255**	36,288	—	36,288
Other subsidiary debt	**5,402**	**—**	**5,402**	4,714	—	4,714
Total debt	**1,557,009**	**(19,656)**	**1,537,353**	1,627,855	(29,170)	1,598,685
Less current portion of debt	**(23,059)**	**—**	**(23,059)**	(20,864)	—	(20,864)
Total long-term debt	**$1,533,950**	**$(19,656)**	**$1,514,294**	$1,606,991	$(29,170)	$1,577,821

(1) The 6.125% Senior Notes are due on December 1, 2022. The 4.875% Senior Notes are due on November 1, 2025.

(2) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan A Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on March 31, 2018 through the maturity date of October 31, 2022.

(3) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan B Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on March 31, 2018 through the maturity date of October 31, 2024.

(4) Borrowings under the U.S. Revolving Credit Facility and Australian Revolving Sub-Facility mature on October 31, 2022.

(5) Unamortized debt issuance costs related to the U.S. Revolving Credit Facility were reclassified to prepaid expenses and other long-term assets in the consolidated balance sheet as of March 31, 2019, as there are no borrowings outstanding on the U.S. Revolving Credit Facility as of March 31, 2019.

The carrying value of debt under the Credit Agreement approximates fair value. The fair value of the Senior Notes is based on observable inputs, including quoted market prices (Level 2). The fair values of the 4.875% Senior Notes and 6.125% Senior Notes were approximately $616,500 and $257,188, respectively, as of March 31, 2019. The fair values of the 4.875% Senior Notes and 6.125% Senior Notes were approximately $564,000 and $258,750, respectively, as of March 31, 2018.

The following is a schedule of future annual principal payments as of March 31, 2019:

	Debt	Capital Leases	Total
Fiscal 2020	$ 18,509	$ 4,550	$ 23,059
Fiscal 2021	17,331	3,999	21,330
Fiscal 2022	22,005	3,107	25,112
Fiscal 2023	389,158	2,925	392,083
Fiscal 2024	5,000	2,635	7,635
Thereafter	1,068,751	19,039	1,087,790
Total	$1,520,754	$36,255	$1,557,009

Senior Secured Credit Facility

In conjunction with the Constantia Labels acquisition, effective October 31, 2017 the Company entered into a credit agreement (the "Credit Agreement") with various lenders. The Credit Agreement replaced the Company's previous credit agreement and consists of (i) a senior secured first lien term loan A facility (the "Term Loan A Facility") in an aggregate initial principal amount of $150,000 with a five year maturity, (ii) a senior secured first lien term loan B facility (the "Term Loan B Facility") in an aggregate initial principal amount of $500,000 with a seven year maturity, and (iii) a senior secured first lien revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount up to $400,000, comprised of a $360,000 U.S. revolving credit facility (the "U.S. Revolving Credit Facility") and a $40,000 U.S. Dollar equivalent Australian sub-facility (the "Australian Revolving Sub-Facility"), each with a five year maturity.

On October 16, 2018, the Company amended the terms of the Term Loan B Facility upon entering into Amendment No. 1 to the Credit Agreement, which lowered the applicable margin payable on LIBOR indexed loans thereunder from 225 bps to 200 bps.

The Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The Credit Agreement's Term Loan A Facility, Term Loan B Facility and U.S. Revolving Credit Facility (together, the "U.S. facilities") are guaranteed by substantially all of the Company's direct and indirect wholly owned domestic subsidiaries, and such guarantors pledged substantially all their assets as collateral to secure the U.S. facilities. The Australian Revolving Sub-Facility is secured by substantially all of the assets of the Australian borrower and its direct and indirect subsidiaries.

The Credit Agreement can be used for working capital, capital expenditures and other corporate purposes and to fund permitted acquisitions (as defined in the Credit Agreement). Loans under the Credit Agreement bear interest at variable rates plus a margin, based on the Company's consolidated secured net leverage ratio.

The weighted average interest rates on the Company's borrowings are as follows:

	March 31, 2019	March 31, 2018
Term Loan A Facility	**4.50%**	4.13%
Term Loan B Facility	**4.50%**	4.13%
U.S. Revolving Credit Facility	—	4.42%
Australian Revolving Sub-Facility	**3.85%**	4.13%

The Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants, which require the Company to maintain the following financial covenants at the end of each quarter: (i) the consolidated secured net leverage ratio as of the last day of any fiscal quarter of the Company shall not exceed 4.50 to 1.00 for the fiscal quarters ended during the period of March 31, 2017 through, and including June 30, 2019 and (ii) the consolidated secured net leverage ratio as of the last day of any fiscal quarter of the Company shall not exceed 4.25 to 1.00 for the fiscal quarters ended during the period of September 30, 2019 and thereafter.

The Credit Agreement, the indenture governing the 4.875% Senior Notes (the "4.875% Senior Notes Indenture") and the indenture governing the 6.125% Senior Notes (the "6.125% Senior Notes Indenture") and together with the 4.875% Senior Notes Indenture, (the "Indentures") limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Credit Agreement and the Indentures, certain changes in control of the Company could result in the occurrence of an Event of Default. In addition, the Credit Agreement limits the ability of the Company to modify terms of the Indentures. As of March 31, 2019, the Company was in compliance with the covenants in the Credit Agreement and the Indentures.

Available borrowings under the U.S. Revolving Credit Facility and Australian Revolving Sub-Facility were $354,241 and $4,023, respectively, at March 31, 2019. The Company also has various other uncommitted lines of credit available at March 31, 2019 in the aggregate amount of $23,625.

4.875% Senior Notes

The $600,000 aggregate principal amount of 4.875% Senior Notes due 2025 (the "4.875% Senior Notes") were issued in October 2017 to fund the acquisition of Constantia Labels. The 4.875% Senior Notes are unsecured senior obligations of the Company. Interest is payable on the 4.875% Senior Notes on May 1st and November 1st of each year beginning May 1, 2018 until the maturity date of November 1, 2025. The Company's obligations under the 4.875% Senior Notes are guaranteed by certain of the Company's existing direct and indirect wholly-owned domestic subsidiaries.

6.125% Senior Notes

The $250,000 aggregate principal amount of 6.125% Senior Notes due 2022 (the "6.125% Senior Notes") were issued in November 2014. The 6.125% Senior Notes are unsecured senior obligations of the Company. Interest is payable on the 6.125% Senior Notes on June 1st and December 1st of each year beginning June 1, 2015 until the maturity date of December 1, 2022. The Company's obligations under the 6.125% Senior Notes are guaranteed by certain of the Company's existing direct and indirect wholly-owned domestic subsidiaries.

Debt Issuance Costs

In conjunction with Amendment No. 1 to the Credit Agreement, the Company paid $730 in third-party fees of which $720 related to a debt modification and were recorded to selling, general and administrative expenses during the third quarter of fiscal 2019. The remaining $10 in third-party fees related to new lenders entering the syndication and were deferred. In addition, $185 of existing unamortized debt issuance costs related to lenders exiting the Term Loan B were written-off to interest expense as a loss on extinguishment of debt. The remaining unamortized debt issuance costs related to a debt modification and, along with the new deferred costs, are being amortized over the remaining term of the Term Loan B Facility.

In conjunction with the issuance of the Credit Agreement, the Company incurred $16,331 in debt issuance costs, which are being deferred and amortized over the term of the Term A Loan Facility, Term Loan B Facility and Revolving Credit Facility, except for the portion written-off in conjunction with Amendment No. 1. In conjunction with terminating the Company's prior credit agreement, $660 in unamortized debt issuance costs related to a debt extinguishment were written-off to interest expense during the three months ended December 31, 2017. The remaining unamortized fees under the prior credit agreement related to a debt modification and are being amortized over the term of the Revolving Credit Facility.

The Company incurred $10,338 in debt issuance costs associated with the issuance of the 4.875% Senior Notes, which are being deferred and amortized over the term of the 4.875% Senior Notes.

The Company recorded $5,085, $3,174 and $1,665 in interest expense in 2019, 2018 and 2017, respectively, in the consolidated statements of operations to amortize deferred financing costs.

The Company incurred $4,587 in commitment fees related to a senior unsecured bridge facility (the "Bridge Facility"), which were written off to interest expense upon expiration of the availability of the Bridge Facility in 2018.

Capital Leases

The present value of the net minimum payments on the capitalized leases as of March 31 is as follows:

	2019	2018
Total minimum lease payments	**$44,688**	$ 49,521
Less amount representing interest	**(8,433)**	(13,233)
Present value of net minimum lease payments	**36,255**	36,288
Current portion	**(4,550)**	(4,191)
Capitalized lease obligations, less current portion	**$31,705**	$ 32,097

Included in the consolidated balance sheet as of March 31, 2019 under property, plant and equipment are cost and accumulated depreciation related to capitalized leases of $42,710 and $6,336, respectively. Included in the consolidated balance sheet as of March 31, 2018 under property, plant and equipment are cost and accumulated depreciation related to capitalized leases of $49,640 and $9,841, respectively. The capitalized leases carry interest rates from 0.97% to 12.25% and mature from fiscal 2020 to fiscal 2032.

(10) RISK MANAGEMENT ACTIVITIES AND FINANCIAL INSTRUMENTS

The Company is exposed to market risks, both directly and indirectly, such as currency fluctuations and interest rate movement. To the extent the Company deems it to be appropriate, derivative instruments and hedging activities are used as a risk management tool to mitigate the potential impact of certain risks, primarily foreign currency exchange risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts and swaps. The Company formally assesses, designates, and documents as a hedge of an underlying exposure each qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, the Company assesses, both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transactions are effective at offsetting changes in either the fair values or cash flows of the underlying exposures.

Interest Rate Risk Management

The Company uses interest rate swap agreements (the "Swaps") to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between the two parties.

The Company had three forward starting non-amortizing Swaps with a total notional amount of $125,000 to convert variable rate debt to fixed rate debt. The Swaps became effective October 2012 and expired in August 2016. The Swaps resulted in interest payments based on an average fixed rate of 1.396% plus the applicable margin per the requirements in the previous credit agreement.

In conjunction with entering into the previous credit agreement on November 21, 2014 (see Note 9), the Company de-designated the Swaps as a cash flow hedge. The cumulative loss on the Swaps recorded in accumulated other comprehensive income (AOCI) at the time of de-designation was reclassified into interest expense in the same periods during which the originally hedged transactions affected earnings, as these transactions were still probable of occurring. Subsequent to November 21, 2014, changes in the fair value of the de-designated Swaps were immediately recognized in interest expense.

In conjunction with entering into the Credit Agreement (see Note 9), the Company entered into two spot non-amortizing Swaps with a total notional amount of $300,000 to convert variable rate debt to fixed rate debt. These Swaps became effective October 2017, expired in October 2018, and resulted in interest payments of 1.5625% plus the applicable margin per the requirements in the Credit Agreement. The Company also entered into two forward starting non-amortizing Swaps with a total notional amount of $300,000 to convert variable rate debt to fixed rate debt. These Swaps became effective in October 2018, will expire in October 2022, and result in interest payments of 2.1345% plus the applicable margin per the requirements in the Credit Agreement. In addition, the Company entered into a forward starting non-amortizing Swap with a total notional amount of $100,000 to convert variable rate debt to fixed rate debt. This Swap will become effective in May 2019, will expire in October 2022, and will result in interest payments of 2.8060% plus the applicable margin per the requirements of the Credit Agreement.

Upon inception, the Swaps were designated as cash flow hedges under ASU 2017-12, with gains and losses, net of tax, measured on an ongoing basis, recorded in accumulated other comprehensive income (loss).

Foreign Currency Risk Management

Foreign currency exchange risk arises from our international operations as well as from transactions with customers or suppliers denominated in currencies other than the U.S. Dollar. The functional currency of each of the Company's subsidiaries is generally the currency of the country in which the subsidiary operates or the U.S. Dollar. At times, the Company uses foreign currency forward contracts to minimize the impact of fluctuations in currency exchange rates.

The Company periodically enters into foreign currency forward contracts to fix the purchase price of foreign currency denominated firm commitments. Certain of these forward contracts are designated as fair value hedges and changes in the fair value of the contracts are recorded in other income and expense in the consolidated statements of operations in the same period during which the related hedged items affect the consolidated statements of operations. In addition, the Company periodically enters into short-term foreign currency forward contracts to fix the U.S. Dollar value of certain intercompany loan payments, which typically settle in the following quarter. During 2019 and 2018, these forward contracts were not designated as hedging instruments; therefore, changes in the fair value of the contracts were immediately recognized in other income and expense in the consolidated statements of operations.

In June 2018, the Company began entering into foreign exchange forward contracts to fix the purchase price in U.S. Dollars of foreign currency denominated raw materials. These forward contracts are designated as cash flow hedges with gains and losses, net of tax, measured on an ongoing basis, recorded in AOCI.

Net Investment Hedging

In September 2017, as a means of managing foreign currency risk related to our significant operations in Europe, the Company executed four fixed-for-fixed cross currency swaps, in which the Company will pay Euros and receive U.S. Dollars with a combined notional amount of €400,000, which mature in November 2025. This will effectively convert U.S. Dollar denominated debt to Euro denominated debt. The Company designated €205,000 of swap notional as a net investment hedge of the Company's net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. Changes in fair value of the derivative instruments that were designated and qualified as hedges of net investments in foreign operations were recognized in AOCI to offset changes in the values of the net investments being hedged.

The remaining €195,000 of swap notional was not designated as an accounting hedge in September 2017. Therefore, changes in fair value of the derivative instruments were recognized in other income and expense in the consolidated statements of operations. Subsequently, in November 2017, the Company formally designated the remaining €195,000 of swap notional as a net investment hedge under ASU 2017-12, bringing the total designated notional value to €400,000. Effective November 1, 2017, hedge accounting was applied to the newly designated swap notional of €195,000.

Disclosures about Derivative Instruments

All of the Company's derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. The Company determines the fair values of its derivatives based on valuation models which project future cash flows and discount the future amounts to a present value using market based observable inputs including interest rate curves, foreign currency rates, futures and basis point spreads, as applicable. The fair values of qualifying and non-qualifying instruments used in hedging transactions as of March 31, 2019 and 2018 are as follows:

		Fair Value	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**2019**	**2018**
Assets:			
Cross currency swaps (Net investment hedges)	Other current assets	$5,127	$ 4,295
Interest rate swaps (Cash flow hedges)	Other current assets	743	920
Foreign exchange forward contracts (Fair value hedges)	Other current assets	—	127
Foreign exchange forward contracts (Cash flow hedges)	Other current assets	5	—
Interest rate swaps (Cash flow hedges)	Other long-term assets	—	4,956
Liabilities:			
Interest rate swaps (Cash flow hedges)	Other current liabilities	$ 377	$ —
Foreign exchange forward contracts (Fair value hedges)	Other current liabilities	234	190
Foreign exchange forward contracts (Cash flow hedges)	Other current liabilities	345	—
Cross currency swaps (Net investment hedges)	Other long-term liabilities	1,563	50,019
Interest rate swaps (Cash flow hedges)	Other long-term liabilities	2,353	—

		Fair Value	
Derivatives Not Designated as Hedging Instruments	**Balance Sheet Location**	**2019**	**2018**
Assets:			
Foreign exchange forward contracts	Other current assets	**$26**	$—
Liabilities:			
Foreign exchange forward contracts	Other current liabilities	**$30**	$127

The amounts of gains and (losses) recognized in AOCI net of reclassifications into earnings, during the twelve months ended March 31, 2019 and 2018 are as follows:

Derivatives Designated as Hedging Instruments	**2019**	**2018**
Cross currency swaps (Net investment hedges) (1)	**$36,545**	$(29,667)
Interest rate swaps (Cash flow hedges)	**(6,111)**	4,259
Foreign exchange forward contracts	**(527)**	—

(1) The net gain of $36,545 recognized in OCI on the cross currency swaps in a net investment hedge as of March 31, 2019 is comprised of an excluded component gain of $4,833 and an undiscounted spot gain of $43,480, net of tax of $(11,768).

The amounts of gains and (losses) reclassified from AOCI into earnings for the twelve months ended March 31, 2019 and 2018 are as follows:

Derivatives Designated as Hedging Instruments	2019	2018
Cross currency swaps (1)	**$5,226**	$4,234
Interest rate swaps (2)	**674**	(101)
Foreign exchange forward contracts (2)	**(588)**	—

(1) The Company had a $5,226 excluded component gain in AOCI which was recognized into income during the twelve months ended March 31, 2019.

(2) During the next 12 months, $26 of gains included in the March 31, 2019 AOCI balance are expected to be reclassified into interest expense.

The amounts of gains and (losses) included in earnings from qualifying and non-qualifying financial instruments used in hedging transactions for the twelve months ended March 31, 2019 and 2018 are as follows:

Derivatives Not Designated as Hedging Instruments	Statement of Income Location	2019	2018
Foreign currency contract—Constantia purchase price	Other income (expense), net	**$ —**	$ 8,109
Foreign currency contracts—Other	Other income (expense), net	**6,161**	(7,198)
Gain (loss) on underlying hedged items	Other income (expense), net	**(5,340)**	6,510
Cross currency swaps	Interest expense	**976**	(4,018)

Derivatives Designated as Hedging Instruments	Statement of Income Location	2019	2018
Foreign exchange forward contracts (Fair value hedges)	Other income (expense), net	**$ (46)**	$ (245)
Gain on underlying hedged items	Other income (expense), net	**46**	245

(11) ACCRUED EXPENSES AND OTHER LIABILITIES

The Company's accrued expenses and other liabilities as of March 31 consisted of the following:

	2019	2018
Accrued payroll and benefits	**$41,383**	$ 45,418
Accrued income taxes	**6,632**	13,838
Professional fees	**4,534**	1,965
Accrued taxes other than income taxes	**1,671**	4,682
Accrued interest	**13,746**	16,480
Customer rebates	**3,750**	2,578
Exit and disposal costs related to facility closures	**70**	457
Deferred payments	**1,881**	9,735
Deferred revenue	**10,654**	11,887
Derivative liabilities	**986**	317
Other	**9,432**	6,665
Total accrued expenses and other liabilities	**$94,739**	$114,022

(12) EMPLOYEE BENEFIT PLANS

The Company maintains a 401K retirement savings plan (Plan) for U.S. employees who meet certain service requirements. The Plan provides for voluntary contributions by eligible U.S. employees up to a specified maximum percentage of gross pay. At the discretion of the Company's Board of Directors, the Company may contribute a specified matching percentage of the employee contributions. The Company also makes contributions to various retirement savings plans for Australian employees as required by law equal to 9% of gross pay and to other voluntary and involuntary defined contribution plans in Scotland, China, Malaysia and other subsidiaries outside the U.S. Company contributions to these retirement savings plans were $10,194, $7,217 and $5,189 in 2019, 2018 and 2017, respectively.

The Company sponsors several pension plans, including our pension plan for certain former U.S. employees as well as other subsidiary pension plans around the globe. Our U.S. pension plan is a single employer defined benefit pension plan (Pension Plan), which covers eligible union employees at our former Norway, Michigan plant who were hired prior to July 14, 1998. The Pension Plan provides benefits based on a flat payment formula and years of credited service at a normal retirement age of 65. The benefits are actuarially reduced for early retirement. The Company recorded $10, $56 and $145 of net periodic benefit cost in 2019, 2018 and 2017, respectively.

The Company used a March 31 measurement date (the fiscal year end) for the Pension Plan in 2019 and 2018. The Pension Plan's benefit obligation was $1,071 and $1,008 as of March 31, 2019 and 2018, respectively. The fair value of the Pension Plan's assets was $632 and $498 as of March 31, 2019 and 2018, respectively. As of March 31, 2019 and 2018, the Pension Plan's unfunded obligation was $439 and $510, respectively.

Non-U.S. Plans

Certain subsidiaries outside the U.S. sponsor defined benefit postretirement plans that cover eligible regular employees. The Company deposits funds and/or purchases investments to fund these plans in addition to providing reserves for these plans. Benefits under the defined benefit plans are typically based on years of service and the employee's compensation. The range of assumptions that are used for the non-U.S. defined benefit plans reflect the different economic environments within the various countries. These defined benefit plans are recorded based upon local accounting standards and are immaterial to the Company's financial position and results of operations.

The Company's largest defined benefit postretirement plan outside the U.S. covers eligible employees at our Münden, Germany plant (Münden Plan). The Münden Plan recorded $18 and $47 of net periodic benefit cost in 2019 and 2018, respectively. The Münden Plan's benefit obligation, plan assets and unfunded obligation as of March 31, 2019 were $3,028, $2,958 and $70, respectively. The Münden Plan's benefit obligation, plan assets and unfunded obligation as of March 31, 2018 were $3,075, $3,037 and $38, respectively.

(13) INCOME TAXES

Earnings before income taxes were as follows:

	2019	2018	2017
U.S.	**$ 29,964**	$ 6,848	$65,113
Foreign	**(46,299)**	46,854	23,100
Total	**$(16,335)**	$53,702	$88,213

The provision (benefit) for income taxes as of March 31 includes the following components:

	2019	2018	2017
Current:			
Federal	**$ 420**	$ 2,783	$16,889
State and local	**2,306**	611	2,498
Foreign	**15,069**	20,641	9,298
Total Current	**17,795**	24,035	28,685
Deferred:			
Federal	2,438	(18,406)	987
State and local	(1,764)	70	(147)
Foreign	(6,137)	(23,894)	(2,677)
Total Deferred	(5,463)	(42,230)	(1,837)
Total	**$12,332**	$(18,195)	$26,848

The following is a reconciliation between the U.S. statutory federal income tax rate and the effective tax rate:

	2019	2018	2017
U.S. federal statutory rate	**21.0%**	31.5%	35.0%
State and local income taxes, net of federal income tax benefit	**(1.9)%**	0.4%	1.7%
Section 199 deduction	—	—	(1.8)%
Foreign derived intangible income deduction	**4.8%**	—	—
International rate differential	**45.1%**	(5.1)%	(3.3)%
Unrecognized tax benefits	**19.4%**	0.6%	(0.9)%
Foreign permanent differences	**3.3%**	(1.1)%	(2.1)%
Non-deductible transaction costs	**(8.3)%**	4.2%	0.2%
Valuation allowances	**(3.6)%**	2.0%	1.2%
U.S. Repatriation Tax	**3.2%**	5.7%	—
Goodwill impairment	**(176.6)%**	—	—
Share-based Compensation	**1.4%**	(2.5)%	—
Tax Rate Changes	**18.0%**	(70.8)%	—
U.S. Research & Development Credit	**6.6%**	-1.5%	-0.8%
Other foreign taxes	**(6.9)%**	1.6%	0.8%
Other	**(1.0)%**	1.1%	0.4%
Effective tax rate	**(75.5)%**	(33.9)%	30.4%

During the fourth quarter of the Company's fiscal year ended March 31, 2019, a goodwill impairment was recorded on various entities for which a tax deduction is not permitted. See Note 8 for additional details.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates and implementing a territorial tax system. As the Company has a March 31 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of 31.5% for the Company's fiscal year ending March 31, 2018, and 21% for subsequent fiscal years. The Tax Act eliminates the domestic manufacturing deduction and implements certain transitional impacts to the Company, including a one-time repatriation tax on deemed repatriation of historical earnings of foreign subsidiaries. In addition, the reduction of the U.S. corporate tax rate caused the Company to adjust the U.S. deferred tax assets and liabilities to the lower federal base rate of 21%.

As of March 31, 2018, the Company recorded a discrete net tax benefit of $18,268 as a result of the Tax Act, comprised of an estimated repatriation tax charge of $3,075 and an estimated net deferred tax benefit due to the rate change of $21,343. During the year ended March 31, 2019, the Company recorded an additional net tax benefit of $383, comprised of adjustments to the IRC 965 transition tax resulting in a net tax benefit of $528, net deferred tax benefit due to the rate change of $822, and a tax charge of $967 related to a change in the Company's indefinite reinvestment assertion. The Company's provisional accounting for the impact of the Tax Act was complete in the quarter ended December 31, 2018.

The majority of the Company's earnings from foreign subsidiaries are considered permanently reinvested. The repatriation tax resulted in certain previously untaxed non-U.S. earnings being included in the U.S. federal and state 2017 taxable income. As a result of the Tax Act, the Company analyzed its global working capital requirements and the potential tax liabilities that would be incurred if certain non-U.S. subsidiaries made distributions, which include local country withholding tax and potential U.S. state taxation. At March 31, 2019, $1,189 of deferred tax was recorded for certain undistributed earnings of non-U.S. subsidiaries. Historically, no deferred taxes have been provided for any portion of the remaining undistributed earnings of the Company's subsidiaries since these earnings have been, and will continue to be, permanently reinvested in these subsidiaries. For many reasons, including the number of legal entities and jurisdictions involved, the complexity of the Company's legal entity structure, the complexity of tax laws in the relevant jurisdictions and the impact of projections of income for future years to any calculations, the Company believes it is not practicable to estimate, within any reasonable range, the amount of additional taxes which may be payable upon the distribution of earnings.

On December 25, 2017, a Belgian tax reform bill was signed into law. The bill revises the future ongoing Belgian corporate income tax by, among other things, lowering the Belgian corporate income tax rates and implementing a group consolidation system. The reduction of the Belgian corporate income tax rate caused us to adjust our Belgian deferred tax assets and liabilities to the newly enacted tax rates. For year ended March 31, 2018, the Company recognized a net deferred tax benefit of $15,164 due to the rate change. As of March 31, 2019, the Company recognized an additional net deferred tax benefit of $2,268 due to the rate change.

Effective April 1, 2017, the Company adopted ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." As part of the adoption, the Company recognizes excess tax benefits or detriments for share-based payments as a reduction of or add-back to income tax expense. For the year ended March 31, 2018 and March 31, 2019, the Company recognized $1,462 and $227, respectively, as discrete benefits in income tax expense related to share-based compensation. Due to the nature of share-based payment exercise patterns, the Company will not know all the potential impacts of the update until the end of each period.

Effective April 1, 2018, the Tax Act subjects a U.S. parent to current tax on its "global intangible low-taxed income" ("GILTI"). The Company does not anticipate incurring a GILTI liability in fiscal year 2019, however, to the extent that expense is incurred under the GILTI provisions, the Company will treat it as a component of income tax expense in the period incurred.

Effective April 1, 2018, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. The standard was adopted by applying the modified retrospective method and all applicable deferred tax impacts were recorded as an adjustment to retained earnings on the date of adoption.

The net deferred tax components as of March 31 consisted of the following:

	2019	2018
Deferred tax liabilities:		
Book basis over tax basis of fixed assets	**$ (58,169)**	$ (44,717)
Book basis over tax basis of intangible assets	**(128,273)**	(135,432)
Interest rate swap	**(406)**	—
Deferred financing costs	**(16)**	(297)
Other	**(5,766)**	(6,370)
Total deferred tax liabilities	**(192,630)**	(186,816)
Deferred tax assets:		
Inventory reserves	**2,165**	925
Interest expense carryforwards	**10,674**	—
Inventory capitalization	**343**	809
Allowance for doubtful accounts	**201**	242
Stock based compensation expense	**1,307**	1,305
Minimum pension liability	**524**	546
Loss carry forward amounts	**35,771**	25,110
Credit carry forward amounts	**963**	2,007
Interest rate swaps	**—**	9,306
State basis over tax basis of fixed assets	**1,554**	667
Non-deductible accruals and other	**8,491**	10,148
Deferred compensation	**234**	699
Lease obligations	**6,169**	4,799
Gross deferred tax asset	**68,396**	56,563
Valuation allowance	**(31,702)**	(16,870)
Net deferred tax asset	**36,694**	39,693
Net deferred tax liability	**$(155,936)**	$(147,123)

As of March 31, 2019, Multi-Color had tax-effected federal, state, and foreign operating loss carryforwards of $0, $1,516, and $34,255 respectively. As of March 31, 2018, Multi-Color had tax-effected federal, state and foreign operating loss carryforwards of $1,014, $1,922, and $22,174, respectively. The state operating loss carryforwards will expire between fiscal 2020 and fiscal 2039. The foreign operating loss carryforwards include $18,552 with no expiration date; the remainder will expire between fiscal 2021 and fiscal 2039.

As of March 31, 2019 and 2018, Multi-Color had valuation allowances of $31,702 and $16,870, respectively. As of March 31, 2019 and 2018, $31,247 and $16,454, respectively, of the valuation allowances are related to certain deferred tax assets in foreign jurisdictions due to the uncertainty of the realization of future tax benefits from those assets. The increase in the valuation allowance during the year is primarily caused by adjustments to the opening balance sheet deferred tax balances associated with recording the Constantia acquisition.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. At each reporting date, the Company considers both negative and positive evidence that impacts the assessment of the realization of deferred tax assets.

The benefits of tax positions are not recorded unless it is more likely than not the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized.

As of March 31, 2019 and 2018, the Company had liabilities of $5,846 and $7,038, respectively, recorded for unrecognized tax benefits for U.S. federal, state and foreign tax jurisdictions. During the years ended March 31, 2019 and 2018, the Company recognized an income tax benefit of $1,672 and expense of $120, respectively, for interest and penalties in the consolidated statements of operations. The liability for the gross amount of interest and penalties at March 31, 2019 and 2018 was $1,408 and $2,641, respectively. The liability for unrecognized tax benefits is classified in other noncurrent liabilities on the consolidated balance sheets for the portion of the liability where payment of cash is not anticipated within one year of the balance sheet date. During the year ended March 31, 2019, the Company released $5,251 of reserves, including interest and penalties, related to uncertain tax positions for which the statutes of limitations have lapsed or there was a reduction in the tax position related to a prior year. The Company believes that it is reasonably possible that $2,068 of unrecognized tax benefits as of March 31, 2019 could be released within the next 12 months due to lapse of statute of limitations and settlements of certain foreign and domestic income tax matters. The unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate are $5,453.

A summary of the activity for the Company's unrecognized tax benefits as of March 31 is as follows:

	2019	2018
Beginning balance	**$ 7,038**	$ 5,665
Additions based on tax positions related to the current year	**616**	1,843
Additions of tax positions of prior years	**1,870**	833
Settlements	**(146)**	(1,358)
Reductions of tax positions of prior years	**(233)**	(44)
Lapse of applicable statutes of limitations	**(3,059)**	(345)
Currency translation	**(240)**	444
Ending balance	**$ 5,846**	$ 7,038

The Company files income tax returns in the U.S. federal jurisdiction, various foreign jurisdictions and various state and local jurisdictions where the statutes of limitations generally range from three to four years. At March 31, 2019, the Company is no longer subject to U.S. federal examinations by tax authorities for years before fiscal 2016. The Company is no longer subject to state and local examinations by tax authorities for years before fiscal 2015. In foreign jurisdictions, the Company is no longer subject to examinations by tax authorities for years before fiscal 1999.

(14) MAJOR CUSTOMERS

During 2019, 2018 and 2017, sales to major customers (those exceeding 10% of the Company's net revenues in one or more of the periods presented) approximated 10%, 14% and 17%, respectively, of the Company's consolidated net revenues. All of these sales were made to The Procter & Gamble Company.

In addition, accounts receivable balances from The Procter & Gamble Company approximated 2% and 3% of the Company's total accounts receivable balance at March 31, 2019 and 2018, respectively. The loss or substantial reduction of the business of this major customer could have a material adverse impact on the Company's results of operations and cash flows.

As a result of a recent procurement savings initiative conducted by our major customer, this customer has diversified its supply of certain label products produced by the Company in North America. We have provided pricing concessions to retain volume but also expect volume from this customer will be reduced. These actions resulted in softer revenues for fiscal 2019 and are expected to continue throughout fiscal 2020. The Company believes that it remains a significant supplier of labels to this customer in North America and that the Company's global footprint and the Company's high quality and innovative products will provide the Company the opportunity to grow its relationship with this customer in new products and regions. We expect to offset these developments by continuing to focus on organic growth and internal improvement opportunities. We believe the Company's operating margins will enhance over the longer term as we historically achieved through continued premiumization, innovation and efficiency gains. However, the loss or continued reduction of business of our major customer could have a material adverse impact on our results of operations and cash flow.

(15) EARNINGS PER COMMON SHARE

The following is a reconciliation of the number of shares used in the basic EPS and diluted EPS computations:

	2019		2018		2017	
	Shares	**Per Share Amount**	**Shares**	**Per Share Amount**	**Shares**	**Per Share Amount**
Basic EPS	**20,468**	**$(1.42)**	18,421	$ 3.91	16,879	$ 3.61
Effect of dilutive securities	**—**	**—**	162	(0.04)	145	(0.03)
Diluted EPS	**20,468**	**$(1.42)**	18,583	$ 3.87	17,024	$ 3.58

The Company excluded 386, 94 and 172 shares in the fiscal years ended March 31, 2019, 2018 and 2017, respectively, from the computation of diluted EPS because these shares would have an anti-dilutive effect.

(16) STOCK-BASED COMPENSATION

The Company maintains incentive plans which authorize the issuance of stock-based compensation including stock options, restricted stock and restricted share units to officers, key employees and non-employee directors. New shares are issued upon exercise of stock options or vesting of restricted stock or restricted share units. As of March 31, 2019, 894 shares of common stock remained reserved for future issuance under the 2012 Stock Incentive Plan, 2003 Stock Incentive Plan, as amended, and 2006 Director Equity Compensation Plan.

The Company measures compensation costs related to stock-based transactions at the grant date, based on the fair value of the award, and recognizes them as expense over the requisite service period.

For the year ended March 31, 2019, the Company recorded pre-tax compensation expense for stock-based incentive awards of $2,498 which increased selling, general and administrative expenses by $1,685 and cost of revenues by $813 and had an associated tax benefit of $475.

For the year ended March 31, 2018, the Company recorded pre-tax compensation expense for stock-based incentive awards of $3,456 which increased selling, general and administrative expenses by $2,489 and cost of revenues by $967 and had an associated tax benefit of $898.

For the year ended March 31, 2017, the Company recorded pre-tax compensation expense for stock-based incentive awards of $3,042 which increased selling, general and administrative expenses by $2,064 and cost of revenues by $978 and had an associated tax benefit of $943.

Stock Options

Stock options granted under the plans enable the holder to purchase common stock at an exercise price not less than the market value on the date of grant and will expire not more than ten years after the date of grant.

The applicable options vest ratably over a five year period. The Company calculates the value of each employee stock option, estimated on the grant date, using the Black-Scholes model and the following weighted average assumptions:

	2019	2018	2017
Expected life (years)	**5.6**	5.7	5.8
Risk-free interest rate	**2.8%**	1.8%	1.2%
Expected volatility	**29.5%**	32.4%	38.9%
Dividend yield	**0.3%**	0.3%	0.3%

The Company estimated volatility based on the historical volatility of its common stock. The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the options in effect at the time of the grant. The dividend yield assumption is based on the Company's history and expectation of dividend payouts. The expected life of the options represents the weighted-average period the stock options are expected to remain outstanding and is based on review of historical exercise behavior of option grants with similar vesting periods. The Company uses an estimated forfeiture rate based on historical data. The forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

A summary of the changes in the options outstanding for years ended March 31, 2019, 2018 and 2017 is shown below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding at March 31, 2016	600	$34.50		
Granted	32	$61.62		
Exercised	(136)	$24.52		$5,664
Forfeited	(25)	$41.66		
Outstanding at March 31, 2017	471	$38.84		
Granted	119	$85.38		
Exercised	(110)	$26.60		$5,990
Forfeited	(14)	$57.10		
Outstanding at March 31, 2018	466	$53.10		
Granted	**45**	**$70.77**		
Exercised	**(76)**	**$27.80**		**$2,403**
Forfeited	**(18)**	**$64.86**		
Outstanding at March 31, 2019	**417**	**$59.09**	**6.4**	**$2,693**
Exercisable at March 31, 2019	**203**	**$45.86**	**5.0**	**$2,498**
Exercisable at March 31, 2018	186	$33.72	5.0	$6,024

As of March 31, 2019, the total compensation cost related to nonvested options not yet recognized and the weighted-average period over which it is expected to be recognized is $3,474 and 2.9 years, respectively.

The weighted average grant-date fair value of options granted during the year ended March 31, 2019, 2018 and 2017 was $22.67, $27.98 and $22.72, respectively. Cash received from options exercised during the year ended March 31, 2019 was $1,556. The total grant-date fair value of options vested during the year ended March 31, 2019, 2018 and 2017 was $2,162, $1,800 and $2,062, respectively.

Restricted Stock

Restricted stock grants under the plans typically vest over a three to five year period. The cost of these awards is determined using the fair value of the Company's common stock on the date of the grant and is recognized on a straight-line basis over the period the restrictions lapse. A summary of the changes in restricted shares for the year ended March 31, 2019, 2018 and 2017 is shown below:

	Restricted Shares	Weighted Average Grant Date Fair Value
Non-vested restricted shares at March 31, 2016	25	$55.99
Granted	8	$64.50
Vested	(15)	$51.67
Forfeited	(1)	$64.05
Non-vested restricted shares at March 31, 2017	17	$62.72
Granted	9	$85.17
Vested	(10)	$63.46
Forfeited	(3)	$72.47
Non-vested restricted shares at March 31, 2018	13	$76.17
Granted	**19**	**$64.72**
Vested	**(7)**	**$72.88**
Forfeited	**—**	**$ —**
Non-vested restricted shares at March 31, 2019	**25**	**$68.32**

As of March 31, 2019, the total compensation cost related to non-vested restricted shares not yet recognized and the weighted-average period over which it is expected to be recognized was $1,204 and 2.0 years. The total grant-date fair value of restricted shares vested during the year ended March 31, 2019, 2018 and 2017 was $472, $665 and $720, respectively.

Restricted Share Units

Restricted share units (RSUs) granted under the plans vest over a three-year period, and the number of RSUs that will vest is based on the Company's level of achievement of a certain performance target. Based on the extent to which the performance condition is met, it is possible for none of the RSUs to vest or for a range up to the maximum to vest. The cost of these awards is determined using the fair value of the Company's common stock on the date of grant and is recognized over the requisite service period based on the Company's estimate of the probable outcome of the performance condition. We evaluate our estimate quarterly, and the expense is adjusted for any change in our estimate of the probable outcome. A summary of the changes in restricted share units for the years ended March 31, 2019, 2018 and 2017 are shown below:

	RSUs	Weighted Average Grant Date Fair Value
Non-vested RSUs at March 31, 2016	42	$64.05
Granted	35	$61.19
Forfeited	(18)	$62.59
Non-vested RSUs at March 31, 2017	59	$62.80
Granted	19	$85.90
Vested	(12)	$64.05
Forfeited	(30)	$67.51
Non-vested RSUs at March 31, 2018	36	$70.73
Granted	**46**	**$66.62**
Vested	**(10)**	**$61.19**
Forfeited	**(12)**	**$61.19**
Non-vested RSUs at March 31, 2019	**60**	**$71.09**

As of March 31, 2019, the total compensation cost related to non-vested RSUs not yet recognized was $739 based upon the Company's estimate of the probable outcome of the performance condition. The weighted-average period over which it is expected to be recognized was 2.2 years.

(17) GEOGRAPHIC INFORMATION

During fiscal 2018, we acquired GEWA, TP Label, Constantia Labels and began producing labels from our start-up in Auckland, New Zealand. During fiscal 2017, we acquired Italstereo, I.L.A., Graphix and GIP. All of these acquisitions expanded the Company's geographic presence. See Note 4 for further information regarding these acquisitions. The Company now manufactures labels in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions. Net revenues, based on the geographic area from which the product is shipped, for the years ended March 31 and long-lived assets by geographic area as of March 31 are as follows:

	2019	2018	2017
Net revenues:			
United States	**$ 660,275**	$ 584,458	$511,551
Belgium	**152,242**	67,035	—
Germany	**132,973**	62,184	—
Other International	**780,064**	587,235	411,744
Total	**$1,725,554**	$1,300,912	$923,295

	2019	2018
Long-lived assets:		
United States	**$ 584,274**	$ 649,413
Belgium (1)	**408,171**	(7,455)
Germany	**252,533**	878,106
Other International	**806,594**	778,902
Total	**$2,051,572**	$2,298,966

(1) We allocate goodwill to our foreign and domestic locations. In fiscal 2018, negative goodwill associated with the acquisition of Constantia Labels was allocated to our plant in Belgium, as the final goodwill allocation was not complete.

(18) COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Company has various equipment, office and facility operating leases. Leases expire on various dates through March 2032 and some of the leases contain clauses requiring escalating rent payments. Rent expense during 2019, 2018 and 2017 was $24,380, $17,953 and $12,767, respectively.

The annual future minimum rental obligations as of March 31, 2019 are as follows:

Fiscal 2020	$22,595
Fiscal 2021	19,569
Fiscal 2022	17,297
Fiscal 2023	13,168
Fiscal 2024	7,585
Thereafter	15,877
Total	$96,091

Purchase Obligations

The Company has entered into purchase agreements for various raw materials, uniforms, supplies, utilities, other services and property, plant and equipment. Total estimated purchase obligations are $36,414 at March 31, 2019.

Litigation

The Company is subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental matters, employee matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have or have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could be of a material nature or have a material adverse effect on our financial condition, results of operations and cash flows. See Note 23 for additional litigation discussion.

(19) SUPPLEMENTAL CASH FLOW DISCLOSURES

Supplemental disclosures with respect to cash flow information and non-cash investing and financing activities are as follows:

	2019	2018	2017
Supplemental Disclosures of Cash Flow Information:			
Interest paid	**$ 81,613**	$ 32,844	$ 23,672
Income taxes paid, net of refunds	**28,514**	30,305	21,143
Supplemental Disclosures of Non-Cash Activities:			
Additional minimum pension liability	**$ 37**	$ (55)	$ (282)
Capital expenditures incurred but not yet paid	**5,958**	9,958	3,323
Capital lease obligations incurred	**1,882**	—	864
Change in derivative contract fair value—asset position	**(4,397)**	10,298	—
Change in derivative contract fair value—liability position	**45,434**	(50,336)	225
Business combinations accounted for as a purchase:			
Assets acquired (excluding cash)	**$ 16,233**	$1,612,925	$ 45,328
Liabilities assumed	**(15,033)**	(335,648)	(16,669)
Liabilities for contingent / deferred payments	**—**	(13,713)	242
MCC common stock issued	**—**	(237,820)	—
Noncontrolling interest	**(1,200)**	(1,100)	(62)
Net cash paid	**$ —**	$1,024,644	$ 28,839

(20) ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in the Company's accumulated other comprehensive loss by component consisted of the following:

	Foreign currency items	Gains and (losses) on derivative contracts	Defined benefit pension items	Total
Balance at March 31, 2017	$ (85,593)	$ —	$(202)	$ (85,795)
OCI before reclassifications (1)	91,928	(22,635)	3	69,296
Amounts reclassified from AOCI	—	(2,773)	31	(2,742)
Net current period OCI	91,928	(25,408)	34	66,554
Balance at March 31, 2018	6,335	(25,408)	(168)	(19,241)
OCI before reclassifications (2)	**(135,054)**	**33,894**	**(32)**	**(101,192)**
Amounts reclassified from AOCI	**—**	**(3,987)**	**4**	**(3,983)**
Net current period OCI	**(135,054)**	**29,907**	**(28)**	**(105,175)**
ASU 2018-02 reclassifications of stranded tax effects	**(244)**	**(1,506)**	**—**	**(1,750)**
Balance at March 31, 2019	**$(128,963)**	**$ 2,993**	**$(196)**	**$(126,166)**

(1) Net of tax of $9,063 and $(1) for derivative contracts and defined benefit pension items, respectively.

(2) Net of tax of $(11,351) and $11 for derivative contracts and defined benefit pension items, respectively.

Reclassifications out of accumulated other comprehensive loss consisted of the following:

	2019	2018
Gains and losses on cash flow hedges:		
Cross currency swaps (1)	**$(5,226)**	$(4,234)
Interest rate swaps (1)	**(674)**	101
Foreign exchange forward contracts (2)	**588**	—
Tax	**1,325**	1,360
Net of tax	**(3,987)**	(2,773)
Defined benefit pension items:		
Amortization of net actuarial losses (3)	**6**	7
Settlement and curtailments (3)	**—**	44
Tax	**(2)**	(20)
Net of tax	**4**	31
Total reclassifications, net of tax	**$(3,983)**	$(2,742)

(1) Reclassified from AOCI into interest expense in the consolidated statements of operations. See Note 10.

(2) Reclassified from AOCI into cost of revenues in the consolidated statements of operations. See Note 10.

(3) Reclassified from AOCI into facility closure expenses in the consolidated statements of operations. These components are included in the computation of net periodic pension cost. See Note 12.

(21) FACILITY CLOSURES

Cowansville, Canada

During the three months ended March 31, 2019, the Company announced plans to close our manufacturing facility located in Cowansville, Canada. Production ceased at the facility as of March 31, 2019, and the closure is expected to be substantially completed during the first quarter of fiscal 2020.

Below is a summary of the exit and disposal costs related to the closure of the Cowansville facility:

	Total costs expected to be incurred	Total costs incurred 2019	Cumulative costs incurred as of March 31, 2019
Severance and other termination benefits	**$ 150**	**$111**	**$111**
Other associated costs	**50-100**	**—**	**—**

Below is a reconciliation of the beginning and ending liability balances related to the exit and disposal costs:

	Balance at March 31, 2018	Amounts Expensed	Amounts Paid	Balance at March 31, 2019
Severance and other termination benefits	$—	**111**	**(54)**	**$57**

As a result of the decision to close our Cowansville facility, the Company determined that it was more likely than not that certain fixed assets at the Cowansville facility would be sold or otherwise disposed of significantly before the end of their estimated useful lives. During fiscal 2019, non-cash impairment charges of $309 were recorded to adjust the carrying value of certain machinery and equipment to their estimated fair value, less costs to sell, which were determined based upon a quoted market price. In addition, the Company recorded a net gain on the sale of property, plant and equipment of $55 related to assets at the Cowansville facility and wrote-off $118 in inventory that will be disposed of as a result of the closure. These items were recorded in facility closure expenses in the consolidated statements of operations in fiscal 2019.

The cumulative costs incurred in conjunction with the closure as of March 31, 2019 are $483, which were recorded in facility closure expenses in the consolidated statements of operations in fiscal 2019.

Melbourne, Australia

During the three months ended June 30, 2018, the Company announced plans to consolidate our manufacturing facility located in Melbourne, Australia into our existing facility in Notting Hill, Australia. The transition was substantially completed during the second quarter of fiscal 2019 except for restoring the facility to its original leased condition, which is expected to be completed during the first quarter of fiscal 2020.

Below is a summary of the total contractual termination benefits and exit and disposal costs related to the closure of the Melbourne facility:

	Total costs expected to be incurred	Total costs incurred 2019	Cumulative costs incurred as of March 31, 2019
Severance and other termination benefits	**$170**	**$170**	**$170**
Other associated costs	**650**	**612**	**612**

Other associated costs primarily consist of costs to dismantle, transport and reassemble manufacturing equipment that was moved from Melbourne to Notting Hill, costs to prepare the Notting Hill facility for installation of the new equipment and costs to restore the facility to its original leased condition.

Below is a reconciliation of the beginning and ending liability balances related to the contractual termination benefits and exit and disposal costs:

	Balance at March 31, 2018	Amounts Expensed	Amounts Paid	Balance at March 31, 2019
Severance and other termination benefits	**$—**	**170**	**(170)**	**$—**
Other associated costs	**$—**	**612**	**(544)**	**$ 68**

The cumulative costs incurred in conjunction with the closure are $782, which were recorded in integration expenses within selling, general and administrative expenses in the consolidated statements of operations in fiscal 2019.

Merignac, France

During the three months ended September 30, 2017, the Company announced plans to consolidate our manufacturing facility located in Merignac, France into our existing facility in Libourne, France. The transition was substantially completed in the third quarter of fiscal 2018.

Below is a summary of the total contractual termination benefits and exit and disposal costs related to the closure of the Merignac facility:

	Total costs expected to be incurred	Total costs incurred		Cumulative costs incurred as of March 31, 2019
		2019	2018	
Severance and other termination benefits	**$ 663**	**$ (40)**	**$703**	**$663**
Other associated costs	**650-750**	**220**	**347**	**567**

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved to other manufacturing facilities and ongoing costs related to the leased facility until expiration or early termination of the related lease agreement.

Below is a reconciliation of the beginning and ending liability balances related to the contractual termination benefits and exit and disposal costs:

	Balance at March 31, 2018	Amounts Expensed	Amounts Paid	Balance at March 31, 2019
Severance and other termination benefits	**$457**	**(40)**	**(417)**	**$—**
Other associated costs	**$—**	**220**	**(220)**	**$—**

As a result of the decision to close our Merignac facility, the Company determined that it was more likely than not that certain fixed assets at the Merignac facility would be sold or otherwise disposed of significantly before the end of their estimated useful lives. During fiscal 2018, non-cash impairment charges of $125 related to these assets were recorded to write off land and building improvements that will not be transferred to Libourne and will be abandoned. In addition, the Company recorded a net loss on the sale of property, plant and equipment of $48 and $42 related to assets in Merignac that were not transferred to Libourne and were sold or abandoned during fiscal 2019 and 2018, respectively. In fiscal 2018, the Company reversed $102 in accrued pension related to employees that were terminated in conjunction with the closure. These items were recorded in facility closure expenses in the consolidated statements of operations.

The cumulative costs incurred in conjunction with the closure as of March 31, 2019 are $1,343, which were recorded in facility closure expenses in the consolidated statements of operations, $228 and $1,115 in fiscal 2019 and 2018, respectively.

Dormans, France

During the three months ended June 30, 2017, the Company announced plans to close our manufacturing facility located in Dormans, France. Production at the facility ceased during the first quarter of fiscal 2018, and closure activities were substantially completed during the fourth quarter of fiscal 2018.

Below is a summary of the exit and disposal costs related to the closure of the Dormans facility:

	2018
Severance and other termination benefits	$106
Other associated costs	23

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved to other manufacturing facilities.

During fiscal 2018, the Company recorded non-cash impairment charges of $25 to adjust the carrying value of the land and building held for sale at the Dormans facility to their estimated fair value, less costs to sell, which were determined based on a quoted market price. The land and building at the Dormans facility were sold during fiscal 2018. During fiscal 2018, the Company recorded a net loss on the disposal of property, plant and equipment of $59 related to assets in Dormans that were not transferred to other facilities and were sold or abandoned. In addition, the Company wrote-off $47 in raw materials that were not transferred to other facilities. These items were recorded in facility closure expenses in the consolidated statements of operations.

The cumulative costs incurred in conjunction with the closure as of March 31, 2019 are $260, which were recorded in facility closure expenses in the consolidated statements of operations in fiscal 2018.

Sonoma, California

On January 19, 2016, the Company announced plans to consolidate our manufacturing facility located in Sonoma, California, into our existing facility in Napa, California. The transition was substantially completed in the third quarter of fiscal 2017.

During fiscal 2017, the Company incurred the following exit and disposal costs related to the closure of the Sonoma facility, which were recorded in facility closure expenses in the consolidated statements of operations:

	2017
Severance and other termination benefits	$ 6
Other associated costs	91

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved from Sonoma to Napa.

During fiscal 2017, the Company recorded a net gain on the sale of property, plant and equipment of $185 related to assets in Sonoma that were not transferred to Napa and were sold. In addition, the Company wrote-off $140 in property, plant and equipment that was not transferred to Napa and was abandoned in fiscal 2017. These items were recorded in facility closure expenses in the consolidated statements of operations.

Glasgow, Scotland

During the three months ended March 31, 2016, the Company began the process to consolidate our two manufacturing facilities located in Glasgow, Scotland into one facility. The transition was substantially completed in the fourth quarter of fiscal 2017.

During fiscal 2017, the Company incurred the following exit and disposal costs related to the consolidation of the Glasgow facilities, which were recorded in facility closure expenses in the consolidated statements of operations:

	2017
Severance and other termination benefits	$100
Other associated costs	539

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved in order to consolidate our two manufacturing facilities located in Glasgow into one facility.

During fiscal 2017, the Company recorded a net gain on the sale of property, plant and equipment of $377 related to assets that were not transferred from the closing Glasgow facility to other locations and were sold, which was recorded in facility closure expenses in the consolidated statements of operations.

Greensboro, North Carolina

On October 5, 2015, the Company announced plans to consolidate our manufacturing facility located in Greensboro, North Carolina into other North American facilities. The transition was substantially completed in the fourth quarter of fiscal 2016.

During fiscal 2017, the Company incurred the following exit and disposal costs related to the closure of the Greensboro facility, which were recorded in facility closure expenses in the consolidated statements of operations:

	2017
Severance and other termination benefits	$ (22)
Contract termination costs	(66)
Other associated costs	207

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved from the Greensboro facility to other North American facilities and costs to return the facility to its original leased condition.

Dublin, Ireland

During the three months ended December 31, 2015, the Company began the process to consolidate our manufacturing facility located in Dublin, Ireland into our existing facility in Drogheda, Ireland (near Dublin). The consolidation was substantially completed in the first quarter of fiscal 2017.

During fiscal 2017, the Company incurred the following exit and disposal costs related to the closure of the Dublin facility, which were recorded in facility closure expenses in the consolidated statements of operations:

	2017
Severance and other termination benefits	$102
Contract termination costs	177
Other associated costs	76

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved from Dublin to Drogheda and costs to relocate employees.

Norway, Michigan and Watertown, Wisconsin

During fiscal 2015, the Company decided to close our manufacturing facilities located in Norway, Michigan and Watertown, Wisconsin. Due to available capacity, we transitioned the Norway and Watertown business to other North American facilities. During fiscal 2018 and 2017, the Company recorded settlement expense of $44 and $133, respectively, related to the defined benefit pension plan that covers eligible former union employees of the Norway plant who were hired prior to July 14, 1998. These costs were recorded in facility closure expenses in the consolidated statements of operations.

(22) QUARTERLY DATA (UNAUDITED)

Earnings per share amounts are computed independently each quarter. As a result, the sum of each quarter's per share amount may not equal the total per share amount for the respective year.

	Quarter			
Fiscal 2019	**First**	**Second**	**Third**	**Fourth**
Net revenues	**$456,131**	**$434,913**	**$397,004**	**$437,506**
Gross profit	**88,010**	**86,785**	**65,381**	**81,744**
Net income (loss)	**18,092**	**23,805**	**11,475**	**(82,039)**
Net income (loss) attributable to Multi-Color Corporation	**18,139**	**23,755**	**11,286**	**(82,221)**
Basic earnings (loss) per share	**$ 0.89**	**$ 1.16**	**$ 0.55**	**$ (4.01)**
Diluted earnings (loss) per share	**0.88**	**1.16**	**0.55**	**(4.01)**

Fiscal 2019 results include $711 ($507 after-tax) in costs related to the closure of our manufacturing facilities located in Merignac, France and Cowansville, Canada. These expenses were recorded as follows:

	Quarter			
	First	**Second**	**Third**	**Fourth**
Facility closure expenses	**$27**	**$114**	**$60**	**$510**

	Quarter			
Fiscal 2018	**First**	**Second**	**Third**	**Fourth**
Net revenues	$242,440	$256,034	$352,699	$449,739
Gross profit	49,457	51,774	57,302	88,067
Net income	14,142	15,190	20,511	22,054
Net income attributable to Multi-Color Corporation	14,106	15,190	20,532	22,123
Basic earnings per share	$ 0.83	$ 0.89	$ 1.06	$ 1.08
Diluted earnings per share	0.82	0.88	1.06	1.08

Fiscal 2018 results include $1,419 ($945 after-tax) in costs related to the closure of our manufacturing facilities located in Merignac and Dormans, France and Norway, Michigan. These expenses were recorded as follows:

	Quarter			
	First	**Second**	**Third**	**Fourth**
Facility closure expenses	$34	$95	$761	$529

(23) SUBSEQUENT EVENTS

On February 24, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with W/S Packaging Holdings, Inc., a Delaware corporation ("Parent"), and Monarch Merger Corporation, an Ohio corporation and a wholly-owned subsidiary of Parent ("Sub"). The Merger Agreement provides for the merger of Sub with and into the Company, on the terms and subject to the conditions set forth in the Merger Agreement (the "Merger"), with the Company continuing as the surviving corporation in the Merger. As a result of the Merger, the Company will become a wholly-owned subsidiary of Parent. On April 5, 2019, the Company filed with the Securities and Exchange Commission a definitive proxy statement (the "Proxy Statement") with respect to the Company's special meeting of the shareholders held on May 16, 2019 in connection with the Merger. At the special meeting of the shareholders, the Company received approval of the proposal to adopt the Merger Agreement and approval of the proposal to approve, on a non-binding advisory basis, the compensation that may be paid or become payable to the Company's named executive officers that is based on or otherwise relates to the Merger.

On April 29, 2019, the Company was served with a complaint in an action captioned Eric Sabatini, Individually And On Behalf of All Others Similarly Situated, and Derivatively On Behalf of Multi-Color Corporation v. Nigel A. Vinecombe, Michael J. Henry, Vadis A. Rodato, Alex Baumgartner, Ari J. Benacerraf, Robert R. Buck, Charles B. Connolly, Robert W. Kuhn, Ronald Lienau and Multi-Color Corporation (the "Sabatini Complaint") relating to the Merger Agreement and the Proxy Statement. The Sabatini Complaint was filed in the Hamilton County Court of Common Pleas in the State of Ohio and alleges, among other things, that the individual defendants breached their fiduciary duties to Company shareholders by failing to secure adequate merger consideration and failing to disclose material information in the Proxy Statement. The lawsuit asserts claims on behalf of a putative class of Company shareholders as well as derivatively on behalf of the Company. Among other remedies, the Sabatini Complaint seeks to enjoin the consummation of the Merger (or alternatively, rescission of the Merger in the event the defendants are able to consummate it), as well as damages, costs and attorneys' and experts' fees.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Multi-Color Corporation

Results of review of interim financial statements

We have reviewed the accompanying condensed consolidated balance sheet of Multi-Color Corporation (an Ohio corporation) and subsidiaries (the "Company"), and the related condensed consolidated statements of income, comprehensive income (loss), stockholders' equity, and cash flows, as of June 30, 2019 and for the three-month period ended June 30, 2019 and 2018, and the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company as of March 31, 2019, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 28, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for review results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our reviews in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB or in accordance with auditing standards generally accepted in the United States of America, the objective of each is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ GRANT THORNTON LLP

Southfield, Michigan
October 23, 2019

MULTI-COLOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share data)

	Three Months Ended	
	June 30, 2019	June 30, 2018
Net revenues	**$437,009**	$456,131
Cost of revenues	**356,697**	368,121
Gross profit	**80,312**	88,010
Selling, general and administrative expenses	**39,545**	42,768
Facility closure expenses	**122**	27
Operating income	**40,645**	45,215
Interest expense	**18,434**	19,199
Other expense, net	**52**	1,044
Income before income taxes	**22,159**	24,972
Income tax expense	**4,427**	6,880
Net income	**17,732**	18,092
Less: Net income (loss) attributable to noncontrolling interests	**141**	(47)
Net income attributable to Multi-Color Corporation	**$ 17,591**	$ 18,139

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In thousands)

	Three Months Ended	
	June 30, 2019	June 30, 2018
Net income	**$17,732**	$ 18,092
Other comprehensive income (loss):		
Unrealized foreign currency translation gain (loss) (1)	**12,602**	(83,933)
Unrealized gain (loss) on derivative contracts, net of tax (2)	**(6,587)**	16,758
Total other comprehensive income (loss)	**6,015**	(67,175)
Comprehensive income (loss)	**23,747**	(49,083)
Less: Comprehensive income (loss) attributable to noncontrolling interests	**205**	(1,460)
Comprehensive income (loss) attributable to Multi-Color Corporation	**$23,542**	$(47,623)

(1) The amounts for the three months ended June 30, 2019 and 2018 include tax impacts of $(185) and $2,541, respectively, related to the settlement of foreign currency denominated intercompany loans.

(2) Amounts are net of tax of $2,150 and $(5,608) for the three months ended June 30, 2019 and 2018, respectively.

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except per share data)

	June 30, 2019	March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 48,619**	$ 57,762
Accounts receivable, net of allowance of $2,575 and $2,598 at June 30, 2019 and March 31, 2019, respectively	**314,005**	300,945
Other receivables	**21,413**	23,845
Inventories, net	**148,761**	144,235
Prepaid expenses	**17,260**	29,263
Other current assets	**43,307**	40,769
Total current assets	**593,365**	596,819
Property, plant and equipment, net of accumulated depreciation of $298,097 and $284,779 at June 30, 2019 and March 31, 2019, respectively	**533,571**	528,077
Goodwill	**984,128**	978,544
Intangible assets, net	**531,953**	538,196
Other non-current assets	**3,858**	6,755
Deferred income tax assets	**4,864**	4,081
Total assets	**$2,651,739**	$2,652,472
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	**$ 21,593**	$ 23,059
Accounts payable	**175,189**	197,899
Accrued expenses and other liabilities	**85,224**	94,739
Total current liabilities	**282,006**	315,697
Long-term debt	**1,519,867**	1,514,294
Deferred income tax liabilities	**156,637**	160,017
Other liabilities	**40,842**	33,761
Total liabilities	**1,999,352**	2,023,769
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 1,000 shares authorized, no shares outstanding	**—**	—
Common stock, no par value, stated value of $0.10 per share; 40,000 shares authorized, 20,878 and 20,860 shares issued at June 30, 2019 and March 31, 2019, respectively	**1,412**	1,411
Paid-in capital	**407,915**	406,846
Treasury stock, 319 and 317 shares at cost at June 30, 2019 and March 31, 2019, respectively	**(12,182)**	(12,079)
Retained earnings	**372,534**	355,973
Accumulated other comprehensive loss	**(120,215)**	(126,166)
Total stockholders' equity attributable to Multi-Color Corporation	**649,464**	625,985
Noncontrolling interests	**2,923**	2,718
Total stockholders' equity	**652,387**	628,703
Total liabilities and stockholders' equity	**$2,651,739**	$2,652,472

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)

	Common Stock							
	Shares Issued	Amount	Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
March 31, 2019	20,860	$1,411	$406,846	$(12,079)	$355,973	$(126,166)	$ 2,718	$628,703
Net income	**—**	**—**	**—**	**—**	**17,591**	**—**	**141**	**17,732**
Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**5,951**	**64**	**6,015**
Issuance of common stock	**8**	**1**	**215**	**—**	**—**	**—**	**—**	**216**
Conversion of restricted share units	**10**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Stock-based compensation	**—**	**—**	**854**	**—**	**—**	**—**	**—**	**854**
Shares acquired under employee plans	**—**	**—**	**—**	**(103)**	**—**	**—**	**—**	**(103)**
Common stock dividends	**—**	**—**	**—**	**—**	**(1,030)**	**—**	**—**	**(1,030)**
June 30, 2019	**20,878**	**$1,412**	**$407,915**	**$(12,182)**	**$372,534**	**$(120,215)**	**$ 2,923**	**$652,387**

	Common Stock							
	Shares Issued	Amount	Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
March 31, 2018	20,753	$1,403	$402,252	$(11,528)	$384,671	$ (19,241)	$ 2,816	$760,373
Net income (loss)	—	—	—	—	18,139	—	(47)	18,092
Topic 606 transition adjustment	—	—	—	—	2,701	—	—	2,701
Other comprehensive loss	—	—	—	—	—	(65,762)	(1,413)	(67,175)
Issuance of common stock	27	3	598	—	—	—	—	601
Restricted stock grant	12	—	—	—	—	—	—	—
Conversion of restricted share units	12	—	—	—	—	—	—	—
Stock-based compensation	—	—	1,134	—	—	—	—	1,134
Shares acquired under employee plans	—	—	—	(127)	—	—	—	(127)
Common stock dividends	—	—	—	—	(1,034)	—	—	(1,034)
June 30, 2018	20,804	$1,406	$403,984	$(11,655)	$404,477	$ (85,003)	$ 1,356	$714,565

See accompanying Notes to Condensed Consolidated Financial Statements.

MULTI-COLOR CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Three Months Ended	
	June 30, 2019	**June 30, 2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 17,732**	$ 18,092
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**16,095**	17,902
Amortization of intangible assets	**10,501**	10,410
Amortization of deferred financing costs	**1,256**	1,275
Net gain on disposal of property, plant and equipment	**(45)**	(754)
Net gain on derivative contracts	**(243)**	(243)
Stock-based compensation expense	**854**	1,134
Deferred income taxes, net	**(3,244)**	(58)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	**(12,430)**	(9,234)
Inventories	**(3,530)**	(3,592)
Prepaid expenses and other assets	**12,734**	(6,652)
Accounts payable	**(20,443)**	11,279
Accrued expenses and other liabilities	**(11,710)**	(15,831)
Net cash provided by operating activities	**7,527**	23,728
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	**(22,515)**	(33,955)
Proceeds from sale of property, plant and equipment	**226**	1,138
Net cash used in investing activities	**(22,289)**	(32,817)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving lines of credit	**142,532**	120,135
Payments under revolving lines of credit	**(131,423)**	(108,303)
Repayment of long-term debt	**(3,785)**	(4,169)
Payment of acquisition related deferred payments	**(1,122)**	(964)
Proceeds from issuance of common stock	**114**	475
Dividends paid	**(1,026)**	(1,022)
Net cash provided by financing activities	**5,290**	6,152
Effect of foreign exchange rate changes on cash	**329**	(4,893)
Net decrease in cash and cash equivalents	**(9,143)**	(7,830)
Cash and cash equivalents, beginning of period	**57,762**	67,708
Cash and cash equivalents, end of period	**$ 48,619**	$ 59,878

See accompanying Notes to Condensed Consolidated Financial Statements.
See Note 13 for supplemental cash flow disclosures.

Multi-Color Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(In Thousands, Except for Statistical and Per Share Data)

1. Description of Business and Significant Accounting Policies

The Company

Multi-Color Corporation (Multi-Color, MCC, we, us, our or the Company), headquartered near Cincinnati, Ohio, is a leader in global label solutions supporting a number of the world's most prominent brands including leading producers of home & personal care, wine & spirits, food & beverage, healthcare and specialty consumer products. MCC serves international brand owners in the North American, Latin American, EMEA (Europe, Middle East and Africa) and Asia Pacific regions with a comprehensive range of the latest label technologies in Pressure Sensitive, Cut and Stack, In-Mold, Shrink Sleeve, Heat Transfer, Roll Fed, and Aluminum Labels.

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Although certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures are adequate to make the information presented not misleading. A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the year ended March 31, 2019 (the "2019 10-K"). These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the 2019 10-K.

The information furnished in these condensed consolidated financial statements reflects all estimates and adjustments which are, in the opinion of management, necessary to present fairly the results for the interim periods reported.

The condensed consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain prior period balances have been reclassified to conform to current year classifications.

Use of Estimates in Financial Statements

In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases," which requires that lessees recognize almost all leases on the balance sheet as right-of-use assets and lease liabilities. For income statement purposes, leases will be classified as either finance leases or operating leases. This update is effective for nonpublic entities for annual periods beginning after December 15, 2019, which for the Company is the fiscal year beginning January 1, 2020.

1. Description of Business and Significant Accounting Policies (Continued)

We plan to adopt the standard using the modified retrospective method, which will be applied to leases that exist or are entered into on or after January 1, 2020. As a result, we will not adjust our comparative period financial information or make the new required lease disclosures for periods before the effective date. The Company is currently assessing the completeness of our lease agreements, evaluating practical expedients and accounting policy elections, and implementing a new lease accounting and administration software solution to manage and account for leases under the new guidance.

We believe that the new standard will have a material impact on our consolidated balance sheet due to the recognition of right-of-use assets and liabilities for our operating leases, but it is not expected to have a material impact on our statements of income or cash flows. The ASU will also require disclosures to allow financial statement users to better understand the amount, timing and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements.

No other new accounting pronouncement issued or effective during the three months ended June 30, 2019 had or is expected to have a material impact on the condensed consolidated financial statements.

Supply Chain Financing

The Company has entered into supply chain financing agreements with certain customers and factoring arrangements with certain banks. The receivables for the agreements are sold without recourse to the customers' banks and are accounted for as sales of accounts receivable. Losses on the sale of these receivables are included in selling, general and administrative expenses in the condensed consolidated statements of income. Losses of $425 and $510 were recorded for the three months ended June 30, 2019 and 2018, respectively.

2. Revenue Recognition

On April 1, 2018, we adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" and all related amendments, which provides revised guidance for revenue recognition. We adopted this guidance using the modified retrospective transition method, which means that periods beginning April 1, 2018 are reported under this guidance while prior periods continue to be reported under previous guidance.

MCC records contract assets when revenue is recognized but we have not yet invoiced the customer. This occurs when costs are incurred for the production of labels for over-time customers, but the associated revenues have not been billed to the customer or when prepress costs related to fulfillment and completion of labels are incurred but the associated revenues for those labels have not been billed to the customer. Contract liabilities are recorded for expected shipping and handling charges for revenue recognized from overtime customers, billings to customers for prepress items to be utilized in the fulfilment and completion of labels that have not yet been fully utilized in the production process, and arrangements where MCC has billed the customer but has not yet shipped the labels and the transaction does not meet the criteria for bill and hold revenue recognition.

(In Thousands, Except for Statistical and Per Share Data)

2. Revenue Recognition (Continued)

	Balance sheet location	June 30, 2019	March 31, 2019
Contract assets	Other current assets	**$ 30,778**	$ 29,143
Contract liabilities	Accrued expenses and other liabilities	**(10,224)**	(10,654)
Net contract assets and liabilities		**$ 20,554**	$ 18,489

MCC recognized revenues of $6,398 during the three months ended June 30, 2019 that were included in contract liabilities as of March 31, 2019. MCC recognized revenues of $4,445 during the three months ended June 30, 2018 that were included in contract liabilities as of March 31, 2018.

The following table presents our net revenues disaggregated by region and timing of revenue recognition for the three months ended June 30, 2019 and 2018.

	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018	
	Point-in-time	Over-time	Point-in-time	Over-time
North America	**$155,158**	**$46,620**	$148,764	$58,065
Europe	**169,781**	**1,135**	180,275	1,053
Asia Pacific and Africa	**57,982**	**744**	60,832	735
South America	**5,589**	**—**	6,407	—
Total	**$388,510**	**$48,499**	$396,278	$59,853

3. Inventories

The Company's inventories consisted of the following:

	June 30, 2019	March 31, 2019
Finished goods	**$ 60,533**	$ 60,493
Work-in-process	**21,898**	21,010
Raw materials	**66,330**	62,732
Total inventories, net	**$148,761**	$144,235

(In Thousands, Except for Statistical and Per Share Data)

4. Debt

The components of the Company's debt consisted of the following:

	June 30, 2019			March 31, 2019		
	Principal	**Unamortized Debt Issuance Costs**	**Debt Less Unamortized Debt Issuance Costs**	**Principal**	**Unamortized Debt Issuance Costs**	**Debt Less Unamortized Debt Issuance Costs**
6.125% Senior Notes (1)	**$ 250,000**	**$ (2,305)**	**$ 247,695**	$ 250,000	$ (2,473)	$ 247,527
4.875% Senior Notes (1)	**600,000**	**(8,100)**	**591,900**	600,000	(8,420)	591,580
Credit Agreement						
Term Loan A Facility (2)	**133,750**	**(2,907)**	**130,843**	135,625	(3,125)	132,500
Term Loan B Facility (3)	**492,500**	**(4,945)**	**487,555**	493,750	(5,165)	488,585
U.S. Revolving Credit Facility (4) (5)	**49,100**	**(3,957)**	**45,143**	—	—	—
Australian Revolving Sub-Facility (4) (6)	**—**	**—**	**—**	35,977	(473)	35,504
Capital leases	**34,811**	**—**	**34,811**	36,255	—	36,255
Other subsidiary debt	**3,513**	**—**	**3,513**	5,402	—	5,402
Total debt	**1,563,674**	**(22,214)**	**1,541,460**	1,557,009	(19,656)	1,537,353
Less current portion of debt	**(21,593)**	**—**	**(21,593)**	(23,059)	—	(23,059)
Total long-term debt	**$ 1,542,081**	**$(22,214)**	**$1,519,867**	$1,533,950	$(19,656)	$1,514,294

(1) The 6.125% Senior Notes are due on December 1, 2022. The 4.875% Senior Notes are due on November 1, 2025.

(2) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan A Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on March 31, 2018 through the maturity date of October 31, 2022.

(3) The Company is required to make mandatory principal payments on the outstanding borrowings under the Term Loan B Facility. The principal payments are due on the last day of March, June, September and December of each year, commencing on March 31, 2018 through the maturity date of October 31, 2024.

(4) Borrowings under the U.S. Revolving Credit Facility and Australian Revolving Sub-Facility mature on October 31, 2022.

(5) Unamortized debt issuance costs related to the U.S. Revolving Credit Facility were reclassified to prepaid expenses and other long-term assets in the condensed consolidated balance sheet as of March 31, 2019, as there are no borrowings outstanding on the U.S. Revolving Credit Facility as of March 31, 2019.

(6) Unamortized debt issuance costs related to the Australian Revolving Sub-Facility were reclassified to prepaid expenses and other long-term assets in the condensed consolidated balance sheet as of June 30, 2019, as there are no borrowings outstanding on the Australian Revolving Sub-Facility as of June 30, 2019.

(In Thousands, Except for Statistical and Per Share Data)

4. Debt (Continued)

The carrying value of debt under the Credit Agreement approximates fair value. The fair value of the Senior Notes is based on observable inputs, including quoted market prices (Level 2). The fair values of the 4.875% Senior Notes and 6.125% Senior Notes were approximately $630,750 and $257,500, respectively, as of June 30, 2019. The fair values of the 4.875% Senior Notes and 6.125% Senior Notes were approximately $616,500 and $257,188, respectively, as of March 31, 2019.

The following is a schedule of future annual principal payments as of June 30, 2019:

	Debt	Capital Leases	Total
July 2019 - June 2020	$ 17,605	$ 3,988	$ 21,593
July 2020 - June 2021	18,271	3,850	22,121
July 2021 - June 2022	23,882	3,020	26,902
July 2022 - June 2023	396,605	2,934	399,539
July 2024 - June 2025	5,000	2,419	7,419
Thereafter	1,067,500	18,600	1,086,100
Total	$1,528,863	$34,811	$1,563,674

Senior Secured Credit Facility

In conjunction with the Constantia Labels acquisition, effective October 31, 2017 the Company entered into a credit agreement (the “Credit Agreement”) with various lenders. The Credit Agreement replaced the Company’s previous credit agreement and consists of (i) a senior secured first lien term loan A facility (the “Term Loan A Facility”) in an aggregate initial principal amount of $150,000 with a five year maturity, (ii) a senior secured first lien term loan B facility (the “Term Loan B Facility”) in an aggregate initial principal amount of $500,000 with a seven year maturity, and (iii) a senior secured first lien revolving credit facility (the “Revolving Credit Facility”) in an aggregate principal amount up to $400,000, comprised of a $360,000 U.S. revolving credit facility (the “U.S. Revolving Credit Facility“) and a $40,000 U.S. Dollar equivalent Australian sub-facility (the “Australian Revolving Sub-Facility”), each with a five year maturity.

On October 16, 2018, the Company amended the terms of the Term Loan B Facility upon entering into Amendment No. 1 to the Credit Agreement, which lowered the applicable margin payable on LIBOR indexed loans thereunder from 225 bps to 200 bps.

The Credit Agreement contains customary mandatory and optional prepayment provisions and customary events of default. The Credit Agreement’s Term Loan A Facility, Term Loan B Facility and U.S. Revolving Credit Facility (together, the “U.S. facilities”) are guaranteed by substantially all of the Company’s direct and indirect wholly owned domestic subsidiaries, and such guarantors pledged substantially all their assets as collateral to secure the U.S. facilities. The Australian Revolving Sub-Facility is secured by substantially all of the assets of the Australian borrower and its direct and indirect subsidiaries.

The Credit Agreement can be used for working capital, capital expenditures and other corporate purposes and to fund permitted acquisitions (as defined in the Credit Agreement). Loans under the Credit Agreement bear interest at variable rates plus a margin, based on the Company’s consolidated secured net leverage ratio.

(In Thousands, Except for Statistical and Per Share Data)

4. Debt (Continued)

The weighted average interest rates on the Company's borrowings are as follows:

	June 30, 2019	March 31, 2019
Term Loan A Facility	**6.50%**	4.50%
Term Loan B Facility	**6.50%**	4.50%
U.S. Revolving Credit Facility	**6.50%**	**—**
Australian Revolving Sub-Facility	—	3.85%

The Credit Agreement contains customary representations and warranties as well as customary negative and affirmative covenants, which require the Company to maintain the following financial covenants at the end of each quarter: (i) the consolidated secured net leverage ratio as of the last day of any fiscal quarter of the Company shall not exceed 4.50 to 1.00 for the fiscal quarters ended during the period of March 31, 2017 through, and including June 30, 2019 and (ii) the consolidated secured net leverage ratio as of the last day of any fiscal quarter of the Company shall not exceed 4.25 to 1.00 for the fiscal quarters ended during the period of September 30, 2019 and thereafter.

The Credit Agreement, the indenture governing the 4.875% Senior Notes (the "4.875% Senior Notes Indenture") and the indenture governing the 6.125% Senior Notes (the "6.125% Senior Notes Indenture") and together with the 4.875% Senior Notes Indenture, (the "Indentures") limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, make restricted payments, create liens, make equity or debt investments, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Under the Credit Agreement and the Indentures, certain changes in control of the Company could result in the occurrence of an Event of Default. In addition, the Credit Agreement limits the ability of the Company to modify terms of the Indentures. As of June 30, 2019, the Company was in compliance with the covenants in the Credit Agreement and the Indentures.

Available borrowings under the U.S. Revolving Credit Facility and Australian Revolving Sub-Facility were $305,981 and $40,000, respectively, at June 30, 2019. The Company also has various other uncommitted lines of credit available at June 30, 2019 in the aggregate amount of $25,186.

4.875% Senior Notes

The $600,000 aggregate principal amount of 4.875% Senior Notes due 2025 (the "4.875% Senior Notes") were issued in October 2017 to fund the acquisition of Constantia Labels. The 4.875% Senior Notes are unsecured senior obligations of the Company. Interest is payable on the 4.875% Senior Notes on May 1st and November 1st of each year beginning May 1, 2018 until the maturity date of November 1, 2025. The Company's obligations under the 4.875% Senior Notes are guaranteed by certain of the Company's existing direct and indirect wholly-owned domestic subsidiaries.

6.125% Senior Notes

The $250,000 aggregate principal amount of 6.125% Senior Notes due 2022 (the "6.125% Senior Notes") were issued in November 2014. The 6.125% Senior Notes are unsecured senior obligations of the

(In Thousands, Except for Statistical and Per Share Data)

4. Debt (Continued)

Company. Interest is payable on the 6.125% Senior Notes on June 1st and December 1st of each year beginning June 1, 2015 until the maturity date of December 1, 2022. The Company's obligations under the 6.125% Senior Notes are guaranteed by certain of the Company's existing direct and indirect wholly-owned domestic subsidiaries.

Debt Issuance Costs

In conjunction with Amendment No. 1 to the Credit Agreement, the Company paid $730 in third-party fees of which $720 related to a debt modification and were recorded to selling, general and administrative expenses during the three months ended December 31, 2018. The remaining $10 in third-party fees related to new lenders entering the syndication and were deferred. In addition, $185 of existing unamortized debt issuance costs related to lenders exiting the Term Loan B were written-off to interest expense as a loss on extinguishment of debt. The remaining unamortized debt issuance costs related to a debt modification and, along with the new deferred costs, are being amortized over the remaining term of the Term Loan B Facility.

In conjunction with the issuance of the Credit Agreement, the Company incurred $16,331 in debt issuance costs, which are being deferred and amortized over the term of the Term A Loan Facility, Term Loan B Facility and Revolving Credit Facility, except for the portion written-off in conjunction with Amendment No. 1. In conjunction with terminating the Company's prior credit agreement, $660 in unamortized debt issuance costs related to a debt extinguishment were written-off to interest expense during the three months ended December 31, 2017. The remaining unamortized fees under the prior credit agreement related to a debt modification and are being amortized over the term of the Revolving Credit Facility.

The Company incurred $10,338 in debt issuance costs associated with the issuance of the 4.875% Senior Notes, which are being deferred and amortized over the term of the 4.875% Senior Notes.

The Company recorded $1,256 and $1,275 in interest expense for the three months ended June 30, 2019 and 2018, respectively, in the condensed consolidated statements of income to amortize deferred financing costs.

Capital Leases

The present value of the net minimum payments on the capitalized leases is as follows:

	June 30, 2019	March 31, 2019
Total minimum lease payments	**$42,863**	$44,688
Less amount representing interest	**(8,052)**	(8,433)
Present value of net minimum lease payments	**34,811**	36,255
Current portion	**(3,988)**	(4,550)
Capitalized lease obligations, less current portion	**$30,823**	$31,705

4. Debt (Continued)

The capitalized leases carry interest rates from 0.97% to 12.25% and mature from August 1, 2019 to August 1, 2031.

5. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction, various foreign jurisdictions, and various state and local jurisdictions where the statutes of limitations generally range from three to five years. At June 30, 2019, the Company is no longer subject to U.S. federal examinations by tax authorities for years before the twelve months ended March 31, 2016. The Company is no longer subject to state and local examinations by tax authorities for years before the twelve months ended March 31, 2015. In foreign jurisdictions, the Company is no longer subject to examinations by tax authorities for years before the twelve months ended March 31, 1999.

The benefits of tax positions are not recorded unless it is more likely than not that the tax position would be sustained upon challenge by the appropriate tax authorities. Tax benefits that are more likely than not to be sustained are measured at the largest amount of benefit that is cumulatively greater than a 50% likelihood of being realized.

As of June 30, 2019 and March 31, 2019, the Company had liabilities of $5,740 and $5,846, respectively, recorded for unrecognized tax benefits for U.S. federal, state and foreign tax jurisdictions. During the three months ended June 30, 2019 and 2018, the Company recognized $139 and $138, respectively, of interest and penalties in income tax expense in the condensed consolidated statements of income. The liability for the gross amount of interest and penalties at June 30, 2019 and March 31, 2019 was $1,443 and $1,408, respectively. The liability for unrecognized tax benefits is classified in other noncurrent liabilities on the condensed consolidated balance sheets for the portion of the liability where payment of cash is not anticipated within one year of the balance sheet date. The Company believes that it is reasonably possible that $2,106 of unrecognized tax benefits as of June 30, 2019 could be released within the next 12 months due to the lapse of statute of limitations and settlements of certain foreign and domestic income tax matters. The unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate are $5,385.

6. Risk Management Activities and Financial Instruments

The Company is exposed to market risks, both directly and indirectly, such as currency fluctuations and interest rate movement. To the extent the Company deems it to be appropriate, derivative instruments and hedging activities are used as a risk management tool to mitigate the potential impact of certain risks, primarily foreign currency exchange risk and interest rate risk.

The Company uses various types of derivative instruments including, but not limited to, forward contracts and swaps. The Company formally assesses, designates, and documents as a hedge of an underlying exposure each qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, the Company assesses, both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transactions are effective at offsetting changes in either the fair values or cash flows of the underlying exposures.

6. Risk Management Activities and Financial Instruments (Continued)

Interest Rate Risk Management

The Company uses interest rate swap agreements (the "Swaps") to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between the two parties.

In conjunction with entering into the Credit Agreement (see Note 4), the Company entered into two spot non-amortizing Swaps with a total notional amount of $300,000 to convert variable rate debt to fixed rate debt. These Swaps became effective October 2017, expired in October 2018, and resulted in interest payments of 1.5625% plus the applicable margin per the requirements in the Credit Agreement. The Company also entered into two forward starting non-amortizing Swaps with a total notional amount of $300,000 to convert variable rate debt to fixed rate debt. These Swaps became effective in October 2018, will expire in October 2022, and result in interest payments of 2.1345% plus the applicable margin per the requirements in the Credit Agreement. In addition, the Company entered into a forward starting non-amortizing Swap with a total notional amount of $100,000 to convert variable rate debt to fixed rate debt. This Swap became effective in May 2019, will expire in October 2022, and results in interest payments of 2.8060% plus the applicable margin per the requirements of the Credit Agreement.

Upon inception, the Swaps were designated as cash flow hedges under ASU 2017-12, with gains and losses, net of tax, measured on an ongoing basis, recorded in accumulated other comprehensive income (loss) ("AOCI").

Foreign Currency Risk Management

Foreign currency exchange risk arises from our international operations as well as from transactions with customers or suppliers denominated in currencies other than the U.S. Dollar. The functional currency of each of the Company's subsidiaries is generally the currency of the country in which the subsidiary operates or the U.S. Dollar. At times, the Company uses foreign currency forward contracts to minimize the impact of fluctuations in currency exchange rates.

The Company periodically enters into foreign currency forward contracts to fix the purchase price of foreign currency denominated firm commitments. In addition, the Company periodically enters into short-term foreign currency forward contracts to fix the U.S. Dollar value of certain intercompany loan payments, which typically settle in the following quarter. During the three months ended June 30, 2019 and 2018, certain of the Company's forward contracts were not designated as hedging instruments; therefore, changes in the fair value of the contracts were immediately recognized in other income and expense in the consolidated statements of income.

The Company periodically enters into foreign exchange forward contracts to fix the purchase price in U.S. Dollars of a foreign currency denominated firm commitment to purchase presses. Certain of these forward contracts are designated as fair value hedges and changes in the fair value of the contracts are recorded in other income and expense in the consolidated statements of income in the same period during which the related hedged items affect the consolidated statements of income.

In June 2018, the Company entered into foreign exchange forward contracts to fix the purchase price in U.S. Dollars of foreign currency denominated raw materials. These forward contracts are designated as cash flow hedges with gains and losses, net of tax, measured on an ongoing basis, recorded in AOCI.

(In Thousands, Except for Statistical and Per Share Data)

6. Risk Management Activities and Financial Instruments (Continued)

Net Investment Hedging

In September 2017, as a means of managing foreign currency risk related to our significant operations in Europe, the Company executed four fixed-for-fixed cross currency swaps, in which the Company will pay Euros and receive U.S. Dollars with a combined notional amount of €400,000, which mature in November 2025. This will effectively convert U.S. Dollar denominated debt to Euro denominated debt. The Company designated €205,000 of swap notional as a net investment hedge of the Company's net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. Changes in fair value of the derivative instruments that are designated and qualify as hedges of net investments in foreign operations are recognized in AOCI to offset changes in the values of the net investments being hedged.

The remaining €195,000 of swap notional was not designated as an accounting hedge in September 2017. Therefore, changes in fair value of the derivative instruments were recognized in other income and expense in the consolidated statements of income. In November 2017, the Company formally designated the remaining €195,000 of swap notional as a net investment hedge under ASU 2017-12, bringing the total designated notional value to €400,000. Effective November 1, 2017, hedge accounting was applied to the newly designated swap notional of €195,000.

Disclosures about Derivative Instruments

All of the Company's derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. The Company determines the fair values of its derivatives based on valuation models which project future cash flows and discount the future amounts to a present value using market based observable inputs including interest rate curves, foreign currency rates, futures and basis point spreads, as applicable. The fair values of qualifying and non-qualifying instruments used in hedging transactions as of June 30, 2019 and March 31, 2019 are as follows:

		Fair Value	
Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	**June 30, 2019**	**March 31, 2019**
Assets:			
Cross currency swaps (Net investment hedges)	Other current assets	**$7,134**	$5,127
Interest rate swaps (Cash flow hedges)	Other current assets	**—**	743
Foreign exchange forward contracts (Cash flow hedges)	Other current assets	**—**	5
Liabilities:			
Interest rate swaps (Cash flow hedges)	Other current liabilities	**$1,888**	$ 377
Foreign exchange forward contracts (Fair value hedges)	Other current liabilities	**63**	234
Foreign exchange forward contracts (Cash flow hedges)	Other current liabilities	**224**	345
Cross currency swaps (Net investment hedges)	Other long-term liabilities	**4,976**	1,563
Interest rate swaps (Cash flow hedges)	Other long-term liabilities	**7,093**	2,353

(In Thousands, Except for Statistical and Per Share Data)

6. Risk Management Activities and Financial Instruments (Continued)

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value	
		June 30, 2019	March 31, 2019
Assets:			
Foreign exchange forward contracts	Other current assets	**$—**	$26
Liabilities:			
Foreign exchange forward contracts	Other current liabilities	**$289**	$30

The amounts of gains and (losses) recognized in AOCI net of reclassifications into earnings, during the three months ended June 30, 2019 and 2018, net of tax, are as follows:

Derivatives Designated as Hedging Instruments	Three Months Ended	
	June 30, 2019	June 30, 2018
Cross currency swaps (Net investment hedges) (1)	**$(1,437)**	$15,643
Interest rate swaps (Cash flow hedges)	**(5,057)**	1,230
Foreign exchange forward contracts	**(93)**	(115)

(1) The net loss of $(1,437) recognized in OCI on the cross currency swaps in a net investment hedge as of June 30, 2019 is comprised of an excluded component gain of $4,470 and an undiscounted spot loss of $6,121, net of tax of $214.

The amounts of gains and (losses) reclassified from AOCI into earnings, before tax, for the three months ended June 30, 2019 and 2018 are as follows:

Derivatives Designated as Hedging Instruments	Three Months Ended	
	June 30, 2019	June 30, 2018
Cross currency swaps (1)	**$2,527**	$2,325
Interest rate swaps (2)	**227**	271
Foreign exchange forward contracts (2)	**(358)**	—

(1) The Company had a $2,527 and $2,325 excluded component gain in AOCI which was recognized into income during the three months ended June 30, 2019 and 2018, respectively.

(2) During the next 12 months, $2,084 of net gains included in the June 30, 2019 AOCI balance are expected to be reclassified into interest expense.

The amounts of gains and (losses) included in earnings from qualifying and non-qualifying financial instruments used in hedging transactions for the three months ended June 30, 2019 and 2018 are as follows:

Derivatives Not Designated as Hedging Instruments	Statement of Income Location	Three Months Ended	
		June 30, 2019	June 30, 2018
Foreign currency contracts-Other	Other income (expense), net	**$ 272**	$ 5,033
Gain (loss) on underlying hedged items	Other income (expense), net	**(272)**	(4,963)
Cross currency swaps	Interest expense	**243**	243

(In Thousands, Except for Statistical and Per Share Data)

6. Risk Management Activities and Financial Instruments (Continued)

Derivatives Designated as Hedging Instruments	Statement of Income Location	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Foreign exchange forward contracts (Fair value hedges)	Other income (expense), net	**$ 205**	$ 167
Foreign exchange forward contracts (Cash flow hedges)	Other income (expense), net	**(384)**	$ —
Gain (loss) on underlying hedged items	Other income (expense), net	**179**	(167)

7. Accrued Expenses and Other Liabilities

The Company's accrued expenses and other liabilities consisted of the following:

	June 30, 2019	March 31, 2019
Accrued payroll and benefits	**$39,804**	$41,441
Accrued income taxes	**9,625**	6,632
Professional fees	**789**	4,534
Accrued taxes other than income taxes	**1,125**	1,671
Accrued interest	**5,050**	13,746
Customer rebates	**4,717**	3,750
Exit and disposal costs related to facility closures	**—**	210
Deferred payments	**1,871**	1,881
Deferred revenue	**10,224**	10,654
Derivative liabilities	**2,464**	986
Other	**9,555**	9,234
Total accrued expenses and other liabilities	**$85,224**	$94,739

8. Acquisitions

Constantia Labels Summary

On October 31, 2017, the Company completed its acquisition pursuant to the Sale and Purchase Agreement (as amended) with Constantia Flexibles Germany GmbH, Constantia Flexibles International GmbH, Constantia Flexibles Group GmbH and GPC Holdings B.V. (collectively, "Constantia Flexibles"), acquiring 100% of the Labels Division of Constantia Flexibles ("Constantia Labels"). Constantia Labels, headquartered in Vienna, Austria, was a leader in label solutions serving the food, beverage and consumer packaging goods industries. Constantia Labels had approximately 2,800 employees globally and 24 production plants across 14 countries, with major operations across Europe, Asia and North America. The acquisition included a 75% controlling interest in certain label operations in South Africa.

The purchase price for Constantia Labels was $1,299,403 less net cash acquired of $11,234. The purchase price included deferred payments with a total fair value of $3,901, estimated as of the acquisition date, of which $807 was paid during the three months ended June 30, 2018 and $1,085 was paid during the three months ended June 30, 2019 with the remaining to be paid out approximately 90 days after December 31, 2019 and 2020. In addition, the purchase price includes future performance based earnouts with a total fair value of

(In Thousands, Except for Statistical and Per Share Data)

8. Acquisitions (Continued)

$9,026, estimated as of the acquisition date. The future value of the earnouts is dependent upon whether the Verstraete in Mould Labels N.V. (Verstraete) business, which was acquired in conjunction with the Constantia Labels' acquisition, meets or exceeds certain agreed upon EBITA (earnings before interest, taxes, and amortization) metrics over the three to five-year period following the acquisition. The earnouts have a minimum future payout of zero, and the maximum amount of the future payout is based on the amount of EBITA growth achieved relative to calendar 2017. The earnouts may be paid out approximately 90 days after December 31, 2020, 2021 or 2022.

The Company spent $17,379 in acquisition expenses related to the Constantia Labels acquisition, $1,246 of which were recorded during the three months ended June 30, 2018.

During the three months ended September 30, 2018, a $(5,769) credit to depreciation expense and $1,456 of amortization expense were recognized that would have been recognized in previous periods if the adjustments to provisional amounts were recognized as of the Constantia Labels acquisition date of October 31, 2017. We recognized income of $(1,594), $(1,550), and $(1,169) that would have been recognized in the three months ended December 31, 2017, March 31, 2018 and June 30, 2018, respectively, if the adjustments to provisional amounts were recognized as of the acquisition date.

9. Accumulated Other Comprehensive Loss

The changes in the Company's accumulated other comprehensive loss by component consisted of the following:

	Foreign currency items	Gains and (losses) on derivative contracts	Defined benefit pension items	Total
Balance at March 31, 2019	$(128,963)	$ 2,993	$(196)	$(126,166)
OCI before reclassifications	**12,538**	**(4,875)**	**—**	**7,663**
Amounts reclassified from AOCI	**—**	**(1,712)**	**—**	**(1,712)**
Net current period OCI	**12,538**	**(6,587)**	**—**	**5,951**
Balance at June 30, 2019	**$(116,425)**	**$(3,594)**	**$(196)**	**$(120,215)**

Reclassifications out of accumulated other comprehensive loss consisted of the following:

	Three Months Ended	
	June 30, 2019	June 30, 2018
Cross currency swaps (1)	**$(2,527)**	$(2,325)
Interest rate swaps (1)	**(227)**	(271)
Foreign exchange forward contracts (2)	**358**	—
Tax	**684**	648
Net of tax	**$(1,712)**	$(1,948)

(1) Reclassified from AOCI into interest expense in the condensed consolidated statements of income. See Note 6.

(2) Reclassified from AOCI into cost of revenues in the condensed consolidated statements of income. See Note 6.

(In Thousands, Except for Statistical and Per Share Data)

10. Goodwill and Intangible Assets

The changes in the Company's goodwill consisted of the following:

Balance at March 31, 2019:	
Goodwill, gross	$1,089,010
Accumulated impairment losses	(110,466)
Goodwill, net	978,544
Activity during the year:	
Currency translation	**5,584**
Balance at June 30, 2019:	
Goodwill, gross	**1,095,993**
Accumulated impairment losses	**(111,865)**
Goodwill, net	**$ 984,128**

The Company's intangible assets consisted of the following:

	June 30, 2019			March 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$645,928**	**$(129,160)**	**$516,768**	$641,385	$(119,821)	$521,564
Technologies	**21,810**	**(9,879)**	**11,931**	21,540	(8,512)	13,028
Trademarks	**4,431**	**(1,925)**	**2,506**	4,372	(1,635)	2,737
Non-compete agreements	**3,817**	**(3,069)**	**748**	3,824	(2,957)	867
Total	**$675,986**	**$(144,033)**	**$531,953**	$671,121	$(132,925)	$538,196

The amortization expense of intangible assets for the three months ended June 30, 2019 and 2018 was $10,501 and $10,410, respectively.

11. Facility Closures

Cowansville, Canada

During the three months ended March 31, 2019, the Company announced plans to close our manufacturing facility located in Cowansville, Canada. Production ceased at the facility as of March 31, 2019, and the closure was substantially completed during the three months ended June 30, 2019.

(In Thousands, Except for Statistical and Per Share Data)

11. Facility Closures (Continued)

Below is a summary of the exit and disposal costs related to the closure of the Cowansville facility:

	Total costs expected to be incurred	Total costs incurred Three Months Ended June 30, 2019	Total costs incurred Three Months Ended June 30, 2018	Cumulative costs incurred as of June 30, 2019
Severance and other termination benefits	**$146**	**$35**	$—	**$146**
Other associated costs	**45**	**45**	—	**45**

Below is a reconciliation of the beginning and ending liability balances related to the exit and disposal costs:

	Balance at March 31, 2019	Amounts Expensed	Amounts Paid	Balance at June 30, 2019
Severance and other termination benefits	$ 57	**35**	**(92)**	**$—**
Other associated costs	—	**45**	**(45)**	**—**

As a result of the decision to close our Cowansville facility, the Company determined that it was more likely than not that certain fixed assets at the Cowansville facility would be sold or otherwise disposed of significantly before the end of their estimated useful lives. During the three months ended March 31, 2019, non-cash impairment charges of $309 were recorded to adjust the carrying value of certain machinery and equipment to their estimated fair value, less costs to sell, which were determined based upon a quoted market price. In addition, the Company recorded a net gain on the sale of property, plant and equipment of $55 related to assets at the Cowansville facility and wrote-off $118 in inventory that was disposed of as a result of the closure. These items were recorded in facility closure expenses in the consolidated statements of income in the three months ended March 31, 2019.

The cumulative costs incurred in conjunction with the closure as of June 30, 2019 are $563, which were recorded in facility closure expenses in the consolidated statements of income.

Melbourne, Australia

During the three months ended June 30, 2018, the Company announced plans to consolidate our manufacturing facility located in Melbourne, Australia into our existing facility in Notting Hill, Australia. The transition was substantially completed during the three months ended September 30, 2018, except for restoring the facility to its original leased condition, which was completed during the three months ended June 30, 2019.

Below is a summary of the total contractual termination benefits and exit and disposal costs related to the closure of the Melbourne facility:

	Total costs expected to be incurred	Total costs incurred Three Months Ended June 30, 2019	Total costs incurred Three Months Ended June 30, 2018	Cumulative costs incurred as of June 30, 2019
Severance and other termination benefits	**$170**	**$—**	$154	**$170**
Other associated costs	**634**	**22**	312	**634**

(In Thousands, Except for Statistical and Per Share Data)

11. Facility Closures (Continued)

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved from Melbourne to Notting Hill, costs to prepare the Notting Hill facility for installation of the new equipment and costs to restore the facility to its original leased condition.

Below is a reconciliation of the beginning and ending liability balances related to the contractual termination benefits and exit and disposal costs:

	Balance at March 31, 2019	Amounts Expensed	Amounts Paid	Balance at June 30, 2019
Other associated costs	153	**22**	**(175)**	**$—**

The cumulative costs incurred in conjunction with the closure as of June 30, 2019 are $804, which were recorded in integration expenses within selling, general and administrative expenses in the condensed consolidated statements of income.

Merignac, France

During the three months ended September 30, 2017, the Company announced plans to consolidate our manufacturing facility located in Merignac, France into our existing facility in Libourne, France. The transition was substantially completed in the three months ended December 31, 2017.

Below is a summary of the total contractual termination benefits and exit and disposal costs related to the closure of the Merignac facility:

		Total costs incurred		
	Total costs expected to be incurred	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Cumulative costs incurred as of June 30, 2019
Severance and other termination benefits	**$663**	**$—**	$—	**$663**
Other associated costs	**609**	**42**	27	**609**

Other associated costs primarily consisted of costs to dismantle, transport and reassemble manufacturing equipment that was moved to other manufacturing facilities, and ongoing costs related to the leased facility until early termination of the related lease agreement, which occurred during the three months ended June 30, 2019.

The cumulative costs incurred in conjunction with the closure as of June 30, 2019 are $1,385, which were recorded in facility closure expenses in the condensed consolidated statements of income. The cumulative costs incurred include the exit and disposal costs above as well as non-cash impairment charges of $125 which were recorded during the three months ended March 31, 2018 to write off land and building improvements that were not transferred to Libourne and were abandoned. In addition, the Company recorded a net loss on the sale of property, plant and equipment of $48 and $42 related to assets in Merignac that were not transferred to Libourne and were sold or abandoned during the three months ended March 31, 2019 and 2018, respectively. In addition, the Company reversed $102 in accrued pension related to employees that were terminated in conjunction with the closure, which were recorded to facility closure expenses during the three months ended March 31, 2018.

(In Thousands, Except for Statistical and Per Share Data)

12. Commitments and Contingencies

Litigation

The Company is subject to various legal claims and contingencies that arise out of the normal course of business, including claims related to commercial transactions, product liability, health and safety, taxes, environmental matters, employee matters and other matters. Litigation is subject to numerous uncertainties and the outcome of individual claims and contingencies is not predictable. It is possible that some legal matters for which reserves have or have not been established could result in an unfavorable outcome for the Company and any such unfavorable outcome could be of a material nature or have a material adverse effect on our financial condition, results of operations and cash flows.

13. Supplemental Cash Flow Disclosures

Supplemental disclosures with respect to cash flow information and non-cash operating, investing and financing activities are as follows:

	Three Months Ended	
	June 30, 2019	**June 30, 2018**
Supplemental Disclosures of Cash Flow Information:		
Interest paid	**$30,564**	$33,679
Income taxes paid (refunded), net	**(4,580)**	7,862
Supplemental Disclosures of Non-Cash Activities:		
Capital expenditures incurred but not yet paid	**$ 1,088**	$ 8,533
Change in derivative contract fair value—asset position	**1,233**	4,462
Change in derivative contract fair value—liability position	**(9,631)**	18,412
Business combinations accounted for as a purchase:		
Assets acquired (excluding cash)	**$ —**	$ (387)
Liabilities assumed	**—**	387
Net cash paid	**$ —**	$ —

(In Thousands, Except for Statistical and Per Share Data)

14. Selected Quarterly Financial Data (Unaudited)

Selected financial data for the three months ended March 31, 2019 consisted of the following:

	Three Months Ended March 31, 2019
Net revenues	$437,506
Cost of revenues	355,762
Gross profit	81,744
Selling, general and administrative expenses	42,136
Facility closure expenses	510
Goodwill impairment	99,155
Operating loss	(60,057)
Interest expense	18,538
Other income, net	(116)
Loss before income taxes	(78,479)
Income tax expense	3,560
Net loss	(82,039)
Less: Net income attributable to noncontrolling interests	182
Net loss attributable to Multi-Color Corporation	$ (82,221)

15. Subsequent Events

On July 1, 2019, the Company completed its previously announced merger (the "Merger") with Monarch Merger Corporation ("Sub"), an Ohio corporation and a wholly-owned subsidiary of LABL, Inc. (formerly known as W/S Packaging Holdings, Inc.), a Delaware corporation ("Parent"), pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of February 24, 2019, by and among Parent, Sub and the Company. The Company was the surviving corporation in the Merger and, as a result, is now a wholly-owned subsidiary of Parent. Parent and Sub are affiliates of Platinum Equity, a Beverly Hills-based private equity firm.

In conjunction with the Merger, the Company's Credit Agreement, 6.125% Senior Notes and 4.875% Senior Notes were repaid in full, and the Company's two interest rate swaps and cross currency swap (net investment hedge) were early terminated.

The Company evaluated its June 30, 2019 financial statements for subsequent events through October 23, 2019, the date the financial statements were available to be issued. The Company is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

$500,000,000

MULTI-COLOR

GLOBAL LABEL SOLUTIONS

LABL Intermediate Holding Corporation

%/ % Senior PIK Toggle Notes due 2025

PRELIMINARY OFFERING MEMORANDUM

BofA Securities

Deutsche Bank Securities

Guggenheim Securities

BMO Capital Markets

Barclays

Credit Suisse

Morgan Stanley

, 2020